Multifamily Housing Case Studies: A RHIIP Training Program

Module 6

Trainer/Participant Manual

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RHIIP HELP DESK CONFERENCE CALL
MODULE 6
March 16, 2005
AGENDA

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Time: 1:00 PM to 4:00 PM EST

Chairperson: Cynthia Thomas, HUD

Facilitators: Cynthia Thomas, HUD
                Nan McKay, Nan McKay and Associates

Confirmation Number: **39234729**

Dial In Number: **1-800-682-5640**

Pre-conference Participant Responsibilities
- Review training manual
- Complete new practice questions — Modules 1–5

1:00 – 1:15   Introductions and Overview

1:15 – 1:30   RHIIP Case Study Materials

1:30 – 2:30   RHIIP Case Study Training Methods
**   Training Guidance and Tips**
**   Training the Case Studies**

2:30 – 3:30   Modules 1-5 Summary
**   New Practice Questions and Answers**

3:30 – 3:45   Quality Control
**   Error Reduction and Problem-Solving**

3:45 – 4:00   Questions and Answers

Post-Training Participant Responsibilities
- Complete Training Evaluation

NOTES

INTRODUCTION TO MODULE 6

OVERVIEW

- Module 6 is the last in a series of six training modules developed in support of the Rental Housing Integrity Improvement Project (RHIIP).

- Rather than focusing on program requirements found in HUD Handbook 4350.3 REV-1 as the primary source document, this module is intended to provide guidance on effective ways to use the RHIIP training materials.

- Unlike previous modules, Module 6 does not include separate Trainer and Participant manuals. The Module 6 manual is intended primarily for use by trainers actually training the RHIIP case studies. It is not generally designed for participants or trainees, though some sections (e.g., Part X. Quality Control and Part XI. Problem-solving and Error Reduction) contain material useful to anyone involved in income and rent determination in multifamily housing.

- The module has four major themes:

    - Review of the organization of the entire set of RHIIP Case Study training materials, as well as their use and value in a variety of training settings.

    - Guidance, advice and tips on training methods and practices in general, and training the RHIIP Case Studies training series in particular.

    - Review of the key income and rent determination issues found in each of the five major RHIIP Case Study modules, as well as how those issues are addressed in each of the case studies in the series.

    - The role of quality control, problem-solving and error reduction as strategies in addressing income and rent deficiencies.

- Two new appendices are added with Module 6. Appendix 9 offers an index to locating key income and rent topics found throughout the RHIIP Case Study materials. Appendix 10 is a simple, graphical guide to using the RHIIP Case Studies E-learning CD-Rom version of the training series.

OBJECTIVES

At the end of this module, participants will be able to:

- Understand the contents of the RHIIP Case Studies training materials, and how those materials may be used in training situations.

- Understand the distinction between topic-based training and training organized around case studies, and be able to effectively use case studies in training situations.

- Understand the key income and rent determination issues found in each of the five major modules in the RHIIP Case Studies training series, as well issues illustrated in each of the case studies.

- List key factors to take into account when determining what type of training would be most appropriate in a given situation.

- Understand the value of and different approaches to effective quality control of income and rent determination, as well as effective approaches to problem-solving and error reduction when income and rent problems are identified.

- Understand many of the critical issues and factors that comprise effective training, including characteristics of a good trainer and good training program, classroom performance standards, active learning, lectures and group discussions, managing classroom time, the role of trainer and participant questions in the classroom.

ORGANIZATION OF MODULE 6

- *Part I: RHIIP Case Study Materials* offers a summary description of each of the materials in the RHIIP case studies program – Participant manuals, Training manuals, MS Power Point slide presentations and Appendices. Part I discusses the organization of the materials, content, and offers tips on using the materials for training.

- *Part II: RHIIP Case Study Training Methods* offers general guidance on different methods for presenting the RHIIP training: classroom training, conference call training, informal, in-person training with small groups or individuals, and self-study. Part II compares and contrasts the different methods, noting the relative advantages and disadvantages of each.

- *Part III: Training Guidance and Tips* offers extensive "train-the-trainer" guidance and tips. This section is geared primarily to classroom training and includes characteristics of a good trainer and good training program, classroom performance standards, active learning, lectures and group discussions, managing classroom time, the role of trainer and participant questions in the classroom, among other training topics.

- *Part IV: Training the Case Studies* discusses case studies as a training methodology. Part IV specifically addresses the organization and structure of the RHIIP case studies, as well as offering ideas on presenting case studies to learners and facilitating discussions about the case studies.

- *Parts V – IX* discuss each of the five primary modules in the RHIIP case study training series. For each module there is a discussion of the key income and rent issues covered in that module and a discussion of each of the four case studies in the module, with tips on presenting each case study. In addition, for each module, four new practice questions are offered to reinforce the key income and rent determination principles (answers to all new questions are found in the Module 6 Attachment section).

- *Part X: Quality Control in Income and Rent Determination* offers guidance on developing strategies and approaches to quality control, including a discussion of the three primary methods of quality control: Preventive, Periodic and Continuous.

- *Part XI: Problem Solving and Error Reduction Strategies in Income and Rent Determination* continues the discussion where Part X leaves off. Part XI focuses on addressing the problems and issues that are identified through effective quality control, as well as issues identified through other types of reviews and audits. Part XI discusses a process of error reduction that relies on two key strategy sets: Problem Analysis and Response.

- *Attachment:* The Module 6 attachment offers answers to the new practice questions introduced in Parts V – IX. The format is similar to the format of Post-Test questions and answers found in the earlier modules.

- *Appendix 9:* This is a new appendix, added with this module 6. It offers an index to locating key income and rent topics, discussed throughout the RHIIP Case Studies training materials, modules 1-5.

- *Appendix 10:* This is a new appendix, added with this module 6. It offers a guide to using the RHIIP Case Studies E-learning program, found on the RHIIP CD-Rom version of the training series.

PART I   RHIIP CASE STUDY MATERIALS

Overview

- Throughout the RHIIP case study training series, several documents have been provided to participants. These include:

  - Participant manuals
  - Trainer manuals
  - Power Point Slide Presentations
  - Appendices

- In addition, an electronic-learning, self-study version of the materials is available in compact disk (CD-Rom) format.

The Participant Manuals

- The Participant manuals are the heart of the RHIIP Case Studies training program.

- Participant manuals have been developed to address each of the five main RHIIP training modules. They are written specifically for training participants, guiding them through the various income and rent issues and circumstances.

- Participant manuals follow a basic structure and include a number of features:

  - A **Table of Contents** lists all of the topics, issues and activities in the module, with page references.
  - A brief **Introductory** section offers an overview of the module, lists the key learning objectives in the module, and notes the basic organization of the module.

Notes

- An opening **Pre-Test** is provided for participants to test their knowledge on the topics to be covered in the module, before the training begins. The questions tend to be relatively short and simple, but are intended to address the key topic areas for the module.

- **Narrative text**, divided into sections, provides background information that summarizes key points from Handbook 4350.3 REV-1 and highlights areas that are likely to be trouble spots. Included in the text are *references* to the source of the narrative material, found in 4350.3 REV-1, as well as *examples* to illustrate points in the text.

- After each block of narrative text, a **Case Study** is provided to allow learners to practice applying what they have just learned in the context of an actual family situation. Case studies vary in complexity and detail. In some instances, a "case study" may actually include two or three smaller case studies, each illustrating different aspects of the text.

- This structure of **Narrative Text**, followed by a **Case Study**, is repeated four times throughout each module.

- After the final case study, a closing **Post-Test** is provided for participants to test their knowledge on the issues just covered in the module. Unlike the Pre-Test, the questions tend to be longer, more detailed and complicated. In some cases, the questions are small "case studies", in their own right.

- A series of **Attachments** are provided at the conclusion of each module. These attachments provide the **answer keys** for the tests and case studies, to let learners check their own answers. In addition, answer keys often provide additional explanation and commentary on the thinking and rationale behind the correct answer, offering an additional learning opportunity for the participant.

Notes

- Taken together, the Participant manuals are a multi-purpose tool that can be used in a variety of training formats, including conference calls, classroom training, and self-study.

- The narrative text in the Participant manuals includes significant pieces of information drawn from handbook 4350.3 REV-1, supplemented by additional clarifying material from other sources. However, users should always use the 4350.3 REV-1 as the primary reference document for specific program information and guidance. References in the manuals direct the user to the appropriate sections of 4350.3 REV-1.

- Because the Participant manuals include answer keys for all tests and case studies, users are able to get immediate feedback on their answers. However, users should always be encouraged to work through the tests and case studies thoroughly before turning to the answer keys for guidance and explanation.

Notes

The Trainer Manuals

- Each RHIIP module also has a companion Trainer Manual.

- The Trainer manuals expand on the Participant manuals by offering additional content, guidance and insight appropriate to individuals who will actually train the RHIIP material.

- The Trainer manuals focus primarily on how the materials are used in an interactive format, either a conference call or formal training session. However, the materials may also be used for informal, in-person training as well as self-study.

- Each of the Trainer manuals is organized as follows:

    - **Part A: Trainer Instructions and Lesson Plans** contains introductory material for the trainer for the module, including sample lesson plans.

    - **Part B: Annotated Participant Manual** includes a complete version of the Participant Manual for the module. The "notes" sections of the Participant Manual have been annotated as needed with instructions and explanations for the trainer.

    - **Part C: Power Point Presentation** contains handout copies of the power point presentation for the module. Electronic versions of the power point slides also have been provided as a separate file.

- From a training perspective, Part A of the Trainer Manual is the critical piece. Prospective trainers should use Part A for ideas on how to approach training the material in that specific module. In addition, sample lesson plans and agendas in Part A offer the trainer a ready-made structure for the two main types of training – classroom and conference calls.

Notes

- Part B, the annotated Participant Manual, includes a number of trainer notes and tips on presenting the specific material in the module.

  - These trainer notes are not found in the participant's non-annotated version of the manual and are meant as guidance strictly for the trainer.

- Each case study has a block of narrative text that precedes it. Prior to each block of text, a full page of trainer notes are provided as guidance on presenting the upcoming material and accompanying case study. These notes offer the key guidance to trainers.

- Trainer notes may also be found spread throughout the narrative text of the manual, usually in the "Notes" column on the page.

- Part C of the trainer manual offers the MicroSoft Power Point slide presentation in handout format. Each page includes 3 slides, with a "notes" section for each slide.

  - Generally, participants would not be provided with *both* the Participant Manual and the Power Point handout.

  - Depending upon the training circumstances and the resources available, trainers may wish to provide the Power Point handout as a smaller, less costly alternative to the full Manual.

  - However, trainers should consider the value added to participants by providing the full Participant Manual, and the value lost by not having the full manual available.

Notes

Power Point Slide Presentations

- Each module includes an accompanying MicroSoft Power Point slide presentation.

- The Power Point slide presentation is intended for use in a classroom, stand-up training situation, using a computer, a projector and a screen.

    - Use of the presentation also requires Microsoft Power Point software.

- Presentation slides mirror the organization and text found in each module. Case studies are presented with answers that are "animated", enabling the trainer to first discuss the case study questions with the participants, then immediately show the correct answers to each question.

- See Part III of this Module 6 for tips on using slide presentations in stand-up, leader-led training.

Notes

The Appendices

- The training materials include a number of appendices, meant to supplement the training text and useful as reference documents.

- In some cases, the appendices are merely a reprint of material already found in handbook 4350.3 REV-1. In other cases, the appendices represent new and unique material developed exclusively for the RHIIP Case Studies training program.

- Appendices include:

    - **Appendix 1** is a "crosswalk" of the income and rent topic areas covered in each module, offering a quick reference guide to finding specific issues.

    - **Appendix 2** is a reprint of Exhibit 5-1 from 4350.3 REV-1. It offers the income inclusion and exclusion language from 24 CFR 5.609(b) and (c).

    - **Appendix 3** is a reprint of Figure 3-4 from 4350.3 REV-1. It offers a listing of acceptable forms of eligible noncitizenship documentation, approved by the Department of Homeland Security (DHS).

    - **Appendix 4** is a Guide to Interviewing for Owners of HUD-Subsidized Multifamily Housing Program. This informative guide was developed exclusively for the RHIIP Case Studies training program and could be used as a stand-alone guide in its own right.

    - **Appendix 5** is a reprint of Attachment 4 from the HUD Rent and Income Determination Quality Control Monitoring Guide, dated July 2003. This appendix offers a sample checklist for use as a stand-alone form or in interviews to gather information on a family's income, assets and the family's qualification for various include deductions

Notes

- **Appendix 6** is a reprint of Form HUD-1140-OIG, Things You Should Know. The form is usually distributed to families for the purpose of informing them of the information they must provide when applying for assisted housing, and the penalties for knowingly omitting information or providing false information.

- **Appendix 7** is a summary of items that are and are not counted as net family assets. This appendix is an abbreviated version of the more detailed Exhibit 5-2 from 4350.3 REV-1.

- **Appendix 8** is a reprint of Figure 3-6 from 4350.3 REV-1. It offers a listing of applicable definitions of elderly and disability, for purposes of determining eligibility

- **Appendix 9** is an index to locating key income and rent topics, discussed throughout the RHIIP Case Studies training materials, modules 1-5.

- **Appendix 10** is a guide to using the RHIIP Case Studies E-learning program, found on the RHIIP CD-Rom version of the training series.

PART II   RHIIP CASE STUDY TRAINING METHODS

Training Methods

- The information contained in the RHIIP Case Study series may be trained in a variety of different formats using different methods. In this section, we discuss a number of different training approaches.

- Methods for training the case study information may be "traditional", such as:

    - Classroom training
    - Conference call training
    - Informal, in-person training with small groups or individuals
    - Self-study

- Case study information may also be shared in a number of non-traditional methods, not typically identified as a training method, such as newsletters, web pages, internet forums, among others.

Notes

Classroom Training

- Classroom training is certainly the most recognizable and most traditional form of training. The primary feature of typical classroom training is the lecture and presentation of information. However, classroom training may also incorporate demonstrations, exercises, case studies, group discussions, among other techniques.

- Formal, traditional classroom training has a number of advantages:

  - Interaction among the students generally enhances the learning experience. Learners have the opportunity for direct peer-to-peer interaction and to solicit feedback directly from other learners.

  - Classroom training offers opportunities for direct interaction and feedback from the instructor. Learners can ask questions and receive answers immediately.

  - Some learners need the routine structure of a traditional class to remain focused and on-track.

  - Classroom training offers the opportunity to adjust or supplement the course content or approach in response to the direct feedback, interests and concerns of the learners.

- The primary disadvantages of classroom training relate to cost and logistics including:

  - Finding a location that is adequate and convenient for participants.

  - The cost of meeting travel and meeting facilities.

- Each of the five main RHIIP modules is designed to be presented as a single, one day training classroom training session.

  - Sample classroom agendas and sample lesson plans are provided in Part A of the Trainer Manual for each module.

Notes

- The five main RHIIP modules could also be combined into a single, 1-week (5-day) training exercise encompassing the entire RHIIP series

  - Of course, any one of the five modules could be combined with any of the other modules for two, three and four-day training sessions as well.

  - The agendas and lesson plans for each module would be combined to create the agenda and lesson plan for the entire multi-module training.

- Typically, a full day for each module would be appropriate for new learners. New learners should be encouraged to obtain basic training as an overview prior to engaging in these modules.

  - For learners with some experience and familiarity with the material, it might be possible to address an entire module in a half or three-quarter day training exercise.

- To allow for maximum discussion and to enable the trainer to assist participants during exercises, class size should be limited to no more than 40 students.

- The trainer should be prepared to give additional illustrations of the application of each topic. Some additional illustrations are found in the trainer's annotated Participant Manual. Still others are available in Handbook 4350.3 REV-1.

Notes

Conference Call Training

- The conference call format is a distance learning format that requires learners to participate by some electronic medium. Typically, this involves conference call via telephone. However, it could also include interactive satellite training, as well as internet-based conferencing.

- The primary advantages of conference call training:

  - Because no travel is involved, conference call training can be a particularly cost-effective way of sharing information. Of course, costs will vary depending upon the medium.

  - Conference call training can also be an effective approach to reaching the widest possible audience, while still maintaining some of the personal contact found in classroom training.

- The primary disadvantages:

  - Interaction with participants will be limited by the inherent limitations of the medium. Some participants find these communication limitations frustrating.

  - The conference call format limits the amount of individual attention can be given to learners.

  - Because conference calls rely on an electronic medium (telephone, satellite, internet, etc.), they are subject to the inevitable vagaries and quirks of the medium, as well as the availability of equipment and support.

- Conference calls can be particularly effective for learners who already have some experience with the subject matter and do not require as much individualized attention for basic questions

Notes

- Conference calls can also be effective for short, discreet topics that can be handled with a minimum of written materials. Conference calls that include discussions of detailed technical materials, like the RHIIP modules, must have materials that are well designed, well organized and easy to follow.

- Where materials are involved, advance preparation is essential. Participants should receive and review the materials in advance.

- Conference call facilitators must focus the discussion on key points, rather than spending an equal amount of time on each topic.

- As with classroom training, each of the five main RHIIP modules is designed to be presented in a single conference call training session.

  - Sample conference call agendas and sample lesson plans are provided in Part A of the Trainer Manual for each module.

- Again, the five main RHIIP modules could also be combined into multi-session conference calls covering more than one day.

  - Typically, conference call training is not effective if it exceeds three hours in length. Where combining modules into multi-session training, trainers should plan for no more than a single module in a single call on a single day.

Notes

Informal In-Person Training

- This form of training is a much less formal and structured version of classroom training. Generally, the instructor would deliver the training to a small group of people, one to four individuals.

  - The setting could be an office, a small meeting room, or any place big enough to hold a few people.

  - The materials could be presented in any order that the instructor or the students wished, to accommodate the time available. However, for newer learners, the presentation of the material should begin with the easier concepts and gravitate to the more complex concepts.

- The primary advantages of informal in-person training include:

  - Materials can be discussed in more detail with more individualized attention, individualized response to questions, etc.

  - Training can more easily be incorporated into a work day.

  - Training is more mobile; training could be presented virtually anywhere two or three people could gather together, with little need for elaborate supporting infrastructure.

  - Training is more customizable to the needs of the students and their unique situations.

- The disadvantages of informal in-person training include:

  - There is a risk that training sessions will be preempted by other priorities, particularly when sessions are held in a participant's office or workplace.

  - Training is relatively less efficient with fewer numbers of students receiving training, relative to the amount of time and energy expended by the instructor.

Notes

- For best results in informal, in-person training, participants should already have some working knowledge of the subject matter.

- Where more than one participant is involved, participants should be at a similar level of knowledge and skill.

- Where more than one participant is involved, this format is effective for an intact work group that is located together.

- Wherever possible, sessions should be held away from the participants workplace, to reduce the possibility of distractions and competing priorities

- Because of the flexibility of this approach, lesson plans and agendas can be much less formalized and structured.

  - The lesson plans and agendas for either the conference call training or the formal classroom training can be easily adapted and customized for informal, in-person training.

  - Lesson plans and agendas can be broken up into multiple pieces and modified as needed. However, instructors should ensure that all relevant topics are addressed.

Notes

Self Study

- Self-study is always an option for any learner when other training methods are not possible.

- Self-study is appropriate for learners who wish to tailor their own training to focus on specific topics or issues, while spending less time on other topics.

- Self-study is particularly useful for a new learner, as a supplement to or precursor to a formal training program.

- The advantages of self study training include:

  - For the motivated learner, self-study can be much more efficient and effective.

  - The learner can work at his/her own speed, returning to or reviewing sections as needed for self-reinforcement.

  - Self-study requires a minimal amount of resources, minimal facilities, minimal cost, etc.

- The disadvantages of self study training include:

  - Learner motivation must be internal; there is little external motivation or stimulus to keep the learner engaged in the process.

  - As with informal training, there is a high risk that study will be preempted by other priorities.

  - There is a limited ability to ask questions of a knowledgeable instructor or facilitator. There is also limited opportunity for interaction with other learners.

Notes

- Self study requires a high level of motivation, discipline and commitment from the learner.

- Self study requires that the learner set aside the requisite time for learning; this may require support from supervisors and others to help the learner find this time during the workday amidst other duties.

- Resources need to be made available to the learner to ensure that questions and concerns are answered promptly as they arise.

- To ensure success, self study efforts and progress should be monitored by a second party, such as a supervisor or designated training facilitator.

- As with informal training, the flexibility of this approach reduces the usefulness of formal lesson plans and agendas.

  - However, an informal lesson plan is useful to ensure complete coverage of the material and to offer some structure and discipline to the process. This is particularly true where self study progress is monitored by a second party.

Notes

RHIIP Case Studies E-Learning

- A critical piece of the RHIIP Case Studies series is the electronic-learning or "E-learning" component.

  - The RHIIP Case Studies materials have been converted into an E-learning version.

  - The entire RHIIP Case Studies program is available on CD-Rom.

- E-learning is simply another form of self-study, using an electronic medium (the computer, in this instance), rather than printed materials. As with other forms of self-study, E-learning offers several unique advantages to the learner:

  - E-learning is learner-centered and empowering. Learners are in charge of their own learning.

  - E-learning is on-demand. Learners can complete the course work at a place and time that is convenient for them.

  - E-learning is self-paced. Advanced learners can speed through or bypass instruction that is redundant while novices can take as much time as they like with any particular topic area.

  - E-learning is flexible. Material can be accessed in a non-sequential manner. Learners can navigate content in different ways, focus on issues that are important to them, and approach the learning experience in a manner that makes sense to the individual.

  - The interactive nature of E-learning engages the learner, pushing them rather than pulling them through training.

  - Content is consistent in quality and delivery, and not dependent on the skill or knowledge level of the instructor or the availability of learning materials and equipment.

- In general, E-learning is a less expensive alternative to other forms of training. E-learning means the elimination of costs associated with instructor's salaries, meeting room rentals, student travel, lodging, meals, as well as the reduction of time spent away from the job by employees.

- E-learning can also address physical accessibility issues such as access to buildings.

- Studies have also shown that the inherent advantages of learner-centered E-learning can result in increased retention of material.

- Despite its many advantages, E-learning is not always the best choice for effective learning.

  - Technology issues can hinder the effectiveness of E-learning. Such issues include the unavailability of required technology, the technology skill level of the learner, as well as any inherent apprehension about using technology, technology failures and breakdowns of equipment.

  - As with other forms of self-study, E-learning can be impersonal and solitary. As such, it retains many of the same drawbacks as other forms of self-study:

    - Reduced opportunity for the peer-to-peer interaction and synergy that comes from in-person training.

    - Reduced opportunities for direct feedback from a knowledgeable instructor, or from other learners. If a learner's questions cannot be answered by the E-learning materials, the learner will need to seek answers in some other format. This is particularly important when complex material is covered.

    - The learner-centered nature of E-learning may amplify the poor learning habits of certain learners. E-learning requires a certain level of self-discipline, time-management and self-motivation to be successful.

Notes

- From the standpoint of the RHIIP Case Studies training program, E-learning should be seen as another learning tool for communication of the income and rent determination information.

- The RHIIP Case Studies CD-Rom could be used in a variety of ways.

  - The CD-Rom could be used to supplement other forms of training – classroom, conference call, small group.

  - The CD-Rom could be distributed to owner, agents, PBCAs, HUD staff, as a simple, cost-effective way to ensure that the training reaches the widest possible audience.

  - The CD-Rom could be provided to learners as a pre-training tool, used to familiarize the learner with the material prior to a more conventional training exercise.

  - The CD-Rom could be used as a learning refresher tool, to periodically review materials initially covered in a different learning format.

  - The CD-Rom could be taken by HUD staff to an on-site monitoring or management review and used as a convenient reference tool.

- Included with this Module 6 is a new Appendix 10 to the training series.

  - Appendix 10, *E-Learning with the RHIIP CD-Rom*, is a guide to use of the RHIIP CD-Rom.

  - Appendix 10 offers guidance on navigation through the CD-Rom, accessing the various screens, and completion of the case studies and tests.

  - Consideration should be given to distribution of a copy of Appendix 10 whenever a copy of the CD-Rom is distributed for use.

Notes

Non-Traditional Training Methods

- The term *training* could also be viewed in the broader sense as a form of technical assistance and information-sharing.

- It may be possible to educate owners and provide the specific needed information without holding a formal training session.

- Simple and narrowly-defined topics could be covered in a newsletter format, or in a side-bar attached to other correspondence.

- Complex topics might lend themselves to an electronic discussion group or forum.

  - By posting a question about a piece of a case study, you can generate group discussion and problem solving.

  - The discussion is tailored to issues of importance to the participants, participants are able to learn from each other's experience, and participation can be self-paced.

  - Careful monitoring of the discussion is required in order to ensure that any misinformation shared by participants is corrected immediately.

- Information may also be posted and made available on a webpage, accessible via the internet.

Notes

Which Training Approach to Use

- In deciding which training approach makes sense in a particular set of circumstances, you should consider such factors as:

  - Time

  - Number of Trainees

  - Distance

  - Content

  - Pace

  - Trainer Skills

- *Time*

  - How much time do you, the trainer, have to invest in the training? How much time will the participants be willing or able to invest?

  - When answering these questions, consider all aspects of the training – preparation, travel time, actual course time, follow up time.

  - If the trainer and/or the learners are unable to commit to a certain block of time, should the training approach be more self-paced and flexible?

- *Number of Trainees*

  - If you have only one or two people who need a particular type of training, you will choose different strategies than if you have a larger group.

  - Sometimes a single individual needs help on a particular topic that is not troublesome to others.

  - At other times, errors on a particular topic may be wide-spread.

  - The format you select for training will depend in part on how many people you need to reach with a particular message.

Notes

- *Distance*

  - When you and those who need to be trained are located close to each other, training methods that require physical presence are more feasible than if the participants are more far-flung.

  - Methods that require multiple sessions are more difficult when distances are large. In these cases intensive one-time sessions may be more appropriate.

- *Content*

  - Learners can absorb some types of information fairly readily by reading or listening. Other types of information require hands-on practice.

  - Most of the issues covered in the RHIIP Case Studies training series are more complex and need to be applied to be truly understood.

  - Some issues may lend themselves to self-study and application, while others may profit from group discussions.

- *Pace*

  - Decide how your learners will absorb the information best.

  - Should they get all of the relevant information at once, in order to understand the full picture? Or does the topic lend itself to being discussed in small segments over time, to facilitate practice between sessions and deep, gradual internalization of the requirements?

Notes

- *Trainer skills*

  - As the trainer, consider what kind of training you consider to be your strength and will be most comfortable with.

  - At times, sticking to your strengths may give learners the best training experience.

  - At other times, you may need to broaden your skill set in order to meet your learners' needs.

    Example:
    - Kevin works well one-on-one, but is nervous about speaking in front of a large group. In some situations he might be able to adapt the training to suit his strengths. For example, he might be able to work in multiple small groups over time. In other situations, though, there may just be too many people who need training right away. In this case, he might be better served to address his nervousness and convene a large group session. Training as a team with another trainer could help Kevin feel more comfortable and less "on-the-spot."

  - Think broadly about how your particular skills can be applied in a variety of settings. Someone who likes small discussion groups but has a lot of folks to train might handle the situation by having lots of breakouts in the large session; bringing in experts who are comfortable with large groups; turning to other media such as newsletter articles or a electronic discussion group.

PART III   TRAINING GUIDANCE AND TIPS

Overview

- This section offers advice and guidance on preparing for and conducting training. It is geared primarily to classroom, instructor-led training, but its principles may apply to all forms of training and information-sharing.

What is a Good Trainer?

- What does it take to be effective as a trainer? Your own experience has probably shown you that different trainers with different styles, personalities and approaches may be equally effective.

  - Understand that there is no one right way to train. No one set of criteria or single personality type can determine whether a trainer will be successful. You will need to find your own style and "voice" as a trainer.

  - However, effective trainers share many common characteristics and traits. There are strategies, techniques and approaches that can maximize your opportunity to be successful as a trainer, and other approaches that can hinder your success.

Notes

- **Knowledge of subject:** Undoubtedly, the single most significant prerequisite for training. If you presume to be able to inform other, you yourself must be well-informed.

  - Subject knowledge is an integral part of the trainer's credibility. Typically, you want to be known as somewhat of a subject matter expert in the area you train.

  - This type of expertise is usually a combination both of your own work experience in the area, as well as your own training and education in the area.

  - Participants tend to be somewhat forgiving of certain deficiencies in a trainer (such as inadequate presentation skills) if they perceive that the information being conveyed to them has value, and that the trainer understands the subject at hand. If, on the other hand, the trainer is all style and little substance, students may feel that their time has been wasted and may (justifiably) become both resentful and critical.

- **Preparedness**: Closely related to knowledge, preparedness is both a function of subject matter knowledge and knowledge of the specific class and materials you plan to train.

  - Know the materials, the manuals, the exercises, the structure of the presentation, backwards and forwards. Nothing in the materials or the flow of the training should take you by surprise.

  - You have the unique advantage in the training environment because you know what's coming. Use this advantage to plan ahead and develop your approach. Make sure that you emphasize the points you think are important. Steer the training in the direction you think it needs to go.

  - As much as possible, resolve your own questions and uncertainties about the subject matter. If you're confused, it's likely that your trainees will be confused as well.

  - Anticipate questions you may receive. Know where the difficult and tricky issues are, and be prepared to address them. Be ready with answers to these tough areas.

  - Practice, practice, practice. Go over the material, lecturing to an empty room, many times. Know what is coming next, whether you are using Power Points or just the book.

  - Become familiar with the equipment you will use. Practice setting up a projector and other equipment several times before the presentation date.

Notes

- **Speaking skills:** While trainers are not required to be world-class orators, trainers must be able to find some level of comfort in being in the spotlight, as it were, and speaking to groups of people for extended periods of time.

  - Public speaking classes, clubs and similar groups can be effective in developing skill in this area. As with other skills, practice, repetition and preparedness can also help.

  - A critical element of public speaking is the ability to think and speak on your feet. In other words, trainers need to be able to not simply read material to the class but to think the material and speak it in their own words and their own voice. When questions arise, trainers need to be able think through the issue at hand and verbalize a response that is not necessarily written down in the materials.

  - This is an area that often frightens people and may prevent many otherwise qualified individuals from attempting to train. Potential trainers need to understand that all trainers and other types of "performers" experience some level of fear and anxiety prior to performing. At issue is not whether one feels fear but whether one allows the fear to stand in the way.

- **Listening skills:** As significant as speaking skills, good listening skills are crucial for an effective trainer. A trainer may need to pay careful attention to decipher exactly what a student is saying or asking, in order to formulate the correct response to the issue at hand.

- **Analytical skills:** Good analytical skills are particularly important if the trainer is teaching complicated concepts. Each step of the material will require a deeper level of understanding, a higher degree of structure, and a more precise and concise expression of ideas.

- **Creativity:** Creativity is necessary for coming up with in-class exercises, and for presenting the material in a way that is interesting and even fun. No one wants to be bored, so a good trainer is always looking for opportunities for keeping participants interested and engaged in the process.

- **Motivation**: A good trainer should be highly motivated in order to effectively communicate enthusiasm for the subject and positively influence students. Because a trainer has the potential to have so much influence on students, lack of motivation can start a negative chain reaction in the class.

- **Patience**: Slow learners and demanding students are facts of training. Every class will have one student who wants to monopolize the class. Trainers who display patience in these situations can help maintain a positive environment in the class. (See later section on handling the "never-ending question.").

- **Persuasiveness**: This is especially important in training where the end result is to modify the participants' behavior. People usually need to believe in a philosophy or approach before adjusting their behavior.

- **High energy level**: Trainers with a high energy level and high degree of enthusiasm toward the subject are less likely to burn out from teaching the material. They're also more likely to make the material fun and interesting to the class.

Notes

- **Sense of humor**: Not only does this make the training more pleasant, it also comes in handy when things don't always work as planned – the printed materials haven't arrived an hour before class time, the overhead projector doesn't work – as will often happen.

- **Facilitation**: As the person in charge of a group of people, a trainer will be responsible for facilitating discussions, question-and-answer sessions, and in-class exercises. Good facilitation skills are important.

- **Flexibility**: A flexible trainer will realize the futility of rigidly sticking to a class outline when the level of the class is clearly above or below the norm, and will take the opportunity to adjust the training to meet the needs of the class by doing things a little differently. Balancing the needs of the new learner while keeping the experienced learner engaged takes some practice. Watching people's eyes and body language will provide clues as to whether they are engaged.

- **Organizational skills**: Organizational skills are critical in preparing for the class, delivering the class smoothly and following up. A trainer with good organizational skills is less likely to forget something he or she wanted to say, ask, distribute, or bring to class.

- **On-stage skills**: In addition to being comfortable in front of a group of people, a trainer must also know how to use the equipment and props needed for the training (e.g., audiovisual equipment, flip charts, other visual aids) and to seamlessly blend the use of the equipment with the presentation itself.

Notes

Characteristics of an Effective Training Program

- What criteria or benchmarks exist to determine if the training program, as a whole, is valuable and worthwhile? This section offers several key criteria by which to measure a training effort.

- **Provides necessary and useful information to the participants**

  - Because participants want to make the most of their valuable time and money, a program that presents superfluous, incorrect or easily obtained information will not be effective.

- **Provides practical, how-to, and specific information** rather than merely conceptual, theoretical knowledge

  - Participants' time and money are valuable (to them and to you), and they will enlist them only to gain practical knowledge and skill which will measurably improve their productivity, capability, or expertise in some specified area. While some conceptual and theoretical knowledge can be useful, such information should always be presented in the context of performance improvement (such as attempting to persuade participants to change their behaviors or approach to an issue).

- **Minimizes time required to obtain information.**

  - Training participants generally want to acquire a thorough understanding of a subject in a short period of intensive learning. A good program enables participants to get all necessary information in the shortest possible time.

Notes

- **Provides support materials that enhance learning** during and after the program.

  - Materials should be designed to help participants organize new information during the presentation and access, review and reference it easily afterward.

- **Provides an avenue for further learning or a means by which questions can be answered**.

  - Participants should be able to acquire more information after the program through their own research (with the help of starting points provided in the session), through resources (bibliographies or other supplementary information supplied in program materials), or through contacting the presenter directly by mail or telephone or at a future meeting.

- **Entertains as well as informs and educates.**

  - A lively and interesting presentation, with humor judiciously used in the context of the topic being discussed, will contribute to a comfortable atmosphere and will enhance the learning process. Participants will be relaxed, satisfied, and enthusiastic (rather than dissatisfied and bored).

- **Provides regular status reports to participants**, informing them of where they are headed and reminding them of where they have been in the session.

  - Periodic summaries of topics covered and brief previews of upcoming information will help participants to organize their new knowledge; question-and-answer sessions will actively engage the attendees in the learning process, instead of allowing them to slip into passive recipient mode.

Notes

- **Provides an opportunity for presentation of ideas and practice of learned skills.**

  - As time, agenda, and type of program permit, participants are allowed time to express ideas, opinions, and questions and to apply practically the skills learned in the session.

- **Provides for participant comfort.**

  - Seminar location, setup, and format should create an atmosphere comfortable for participants and conducive to their learning. Regularly scheduled breaks and changes in training technique – alternating from lecture to audiovisual presentation to exercise to discussion, for example – will alleviate restlessness and boredom. Alternating training techniques should assist greater numbers of participants in learning, because different people are receptive to different modes of presentation.

Training Tips: Setting the Stage in Classroom Training

- At the beginning of classroom training, it's helpful to set the stage for the training session to come. Typically known as a "tee-up," this activity helps to establish the tone of the training, establishes expectations and objectives, highlights the agenda, and addresses many of the physical logistics of the training (the training room, comfort, lighting, facilities, among other).

Notes

- Establish a **Learning Agreement** with the training participants.

    - As the instructor, you will ensure that all topics on course agenda are covered and that all applicable questions are answered

    - Participants understand that they must take responsibility for their own learning by participating in the learning activities, taking notes, asking questions, and by being on time to the sessions.

    - Together, both the instructor and the participants will strive to maintain a safe and professional learning environment.

- Outline the **rules of the road** for the training.

    - Regard for others
    - No telephones and tape recorders
    - No private, side conversations
    - Keep "war stories" to a minimum
    - No questions that deal with personal information about supervisors, co-workers or tenants.

- Address basic **housekeeping** issues

    - Start and ending times
    - Breaks
    - Rest rooms
    - Personal comfort

Notes

- Address **reasonable accommodation** issues

  - As the trainer, you have a commitment to ensuring full access to participation in the class

  - If a participant requires accommodation for a disability, they should let the trainer know

- Clearly state the **training objectives** for the course

  - What are the specific objectives you hope will be accomplished by the end of the training?

- Encourage participants to establish a **training action plan** as a guide for use of the information they receive in training

  - This could involve a personal to-do list when the training is completed.

  - The plan should include new ideas gained, constructive recommendations, ideas, and suggestions.

  - The plan should include any tips to improve performance, as well as tips to apply the knowledge gained, new practices.

- Lead the class through **introductions** of all participants

  - Participants should include name, company or agency for which they work, their duties, number of years experience in housing programs and any special objectives they have in attending the training.

  - Participants should be encouraged to develop a contact list of other participants. Participants should make notes during introductions, find someone to learn from as well as someone they might be able to help, and make a commitment to stay in touch with others.

Notes

- As the training progresses, participants should look for opportunities where their own **policies and procedures** could be improved.

    - Record ideas to improve area of program operation.

    - Note areas where their own policies should be checked or reviewed when they get home, as well as areas where policy should be developed.

- As the training progresses, participants should consider how they will **communicate** the information they learn to others.

    - This could include their supervisor, their co-workers, as well as tenants.

- At the conclusion of classroom training, it's helpful to go back and recap the training objectives

    - Ask if the training hit the mark and met participant expectations.

    - Ask participants to review their Action Plan notes and to answer a few questions:

        - What was a significant benefit of attending the seminar?
        - How do they expect their performance to improve?
        - What did they identify as needed changes at their agency?
        - What ideas do they plan to implement?

Notes

Training Tips: Performance Standards in Classroom Training

- As the trainer, you are in charge of the training effort. Participants will look to you not only as the subject matter expert but also as their leader. As such, you will need to maintain certain performance standards throughout the training session. Here are a few tips for conducting the training at the highest level.

  - Always start the class on time, whether the entire class is present or not. Stay on schedule throughout the session. Reconvene exactly as scheduled after breaks.

  - Always conduct yourself in a friendly, professional manner. You may become frustrated with participants, or with other trainers or support staff. Try not to sound exasperated.

  - Try to answer every question as clearly and accurately as possible. However, if you do not know the answer, acknowledge this fact and offer to get back to the questioner. If you know it is a question for which there is no clear answer, acknowledge that as well. Never guess at an answer.

  - It's essential to know the material well enough so that the participants won't feel you are reading from the power point presentation or the book.

  - Do not sit down to train. Move around the room to keep participants' attention. Come out in front of the podium (if you use one) or front table, especially for group discussions. Use your body for expression – physical energy goes a long way. Use the time when the class is working on activities to rest.

Notes

- Use your voice to keep the attention and energy up in the room. Vary the pitch (a mostly low pitch is easiest on the ears), and loudness of your voice. Encourage participants to tell you if they can't hear you well. You may need to speak louder. You may need to use a microphone and should become familiar and comfortable with both a handheld and lavaliere microphone's use.

- Smile! When you smile and talk, your voice is automatically more pleasant to listen to!

- Have an upbeat attitude and maintain a pleasant demeanor, even when you're asked a question you know you've already answered several times. Never let your personal problems or bad day influence the tone of the class.

- Keep participants' whispers or chats to a minimum. One technique is to be silent until the chatting stops. Participants usually understand what you're doing. You can speak to the particular participants quietly at the break if you need to. You can also remind the class that part of the learning contract is to focus on what's being discussed without side conversations.

- Pace yourself. You want to end on time. If you are getting too wordy, control your time.

- Take questions throughout the session, but if you're going to cover something later, ask if you can hold the question until then (point out the time you will cover it on the agenda).

- Maintain high standards of professionalism at all times while teaching and when socializing with participants. Participants want to feel that they know you a little bit, but they don't want to know all about you. Limit the personal disclosures.

- Do not end the session early just because it appears people want to leave. Cover everything, even if you have only one person left.

Notes

Training Tips: Active Learning

- All research on learning indicates that we learn by *doing*. Learning is a constructing process.

  - While it is often easier to simply give the learner information, the research suggests that this is not the most effective avenue for training.

  - Learners retain more when they are actively engaged in the learning process. This active engagement takes place even if only some of the learners contribute their ideas to the discussion.

  - Trainers and facilitators need to make a conscious effort to make learning interactive.

- Included in this section are ideas to foster active, constructive participation in the learning process.

- Pose problem questions in a three-step learning cycle:

  1) Each individual writes down their thoughts

  2) All share in small groups of three, and

  3) Compile the answers on the board in front of the whole class, avoiding any evaluation or changes.

  - Let the group correct itself.

- Offer each person a two- or three-minute opportunity to express his or her point of view on a given topic, while others listen. This technique can be used to elicit a range of viewpoints and build a sense of safe participation.

- Solicit and compile, via brainstorming, alternative possibilities without judgment. This is used to generate ideas, encourage creativity, involve the whole group, and demonstrate that people working together can create more than the individual alone.

Notes

- Asking participants to address focus questions through writing, in-class journals, and in-class essays can improve the learning of the subject matter.

- Participants are given handouts that ask a series of leading questions. Students work in small groups to figure out how something works or build a model. They make their own diagrams and record their own observations.

- Using simulations and games, the trainer can create circumstances that are momentarily real. Learners can practice coping with stressful, unfamiliar or complex situations.

- Ask students to partner with each other and alternatively ask questions of each other and provide correct feedback as necessary. Through this process of explaining conceptual relationships to each others, students help define and clarify their own understanding.

- Examinations and quizzes stimulate learners to study, involving learners in doing something and getting them to think about what they are doing.

- When leading participants through a discussion, break the discussion into a series of manageable bites, to make sure that all of the learners think about each step in the process.

     Example
     - An exercise on calculating a family's adjusted income:
          - Do not ask:

               "What is this family's adjusted income and how did you calculate it?"

          - Rather, ask:

               "What income sources would you count for this family?"

               "Anything else?"

               "Is any of this family's income excluded from annual income?"

               "How about deductions?"

               "What are the verification issues here?"

- When a participant answers a question correctly, investigate the process that the participant went through to arrive at their answer.

     Example
     - "How did you come to this conclusion? What was the logic?"
     - "Does anyone else have an alternate answer? What was the reasoning?"

Notes

- When a participant answers a question incorrectly, look for value in the incorrect response.

  - Responding in front of a group means taking a risk. Support every learner who takes that risk and contributes actively to the discussion.

  - What is the teaching opportunity in the incorrect answer? If this learner made an error, others are likely to do the same. Investigate what the error was. Explore the misunderstanding with the group. Analyze it, and discover what the group can learn.

  - Think about whether the "incorrect" answer might be right in certain circumstances. Sometimes there is no room for interpretation, but at other times, the learner may point out a nuance that the group can learn from.

  - Investigate learner assumptions. Often, an incorrect response may stem from an assumption about the family's circumstances. Learners can learn to be more careful about their assumptions by seeing the errors they cause when others make them.

Training Tips: Lectures in Classroom Training

- Lecture is the most typical form of information-sharing in the class room. However, research has shown that after 10 to 20 minutes of continuous lecture, student assimilation falls off rapidly.

- This section offers tips on more effective ways to present new information orally to fit differences in learning styles and to enhance learner retention.

- **Lecture plus Rhetorical Questioning:** Talk in 7 to 10 minute segments, pause, ask pre-planned rhetorical questions; learners record their answers in their notes.

- **Surveys**: Pause occasionally during lecture and ask directly for a show of hands: "Raise your hand if you agree... disagree... etc." or "Raise your hand if you have encountered an example of that."

Notes

- **Share with a Partner:** Pause occasionally during the lecture and ask each participant to turn to the person next to them and share examples of the point just made or complete a given phrase or sentence.

- **Time-out:** Present complex material or directions and then stop so learners have time to think or carry out directions. Visually check to see whether the class appears to understand. If they do, continue.

- **Critiquing the Text:** Pause occasionally during the lecture to read and analyze passages from the text aloud. Learners can see higher-order thinking skills and that criticism is a legitimate learning exercise.

- **Guided Lecture:** Students listen to 15-20 minutes of lecture without taking notes. At the end, they spend five minutes recording all they can recall. The next step involves learners in small discussion groups reconstructing the lecture, using the instructor to resolve questions that arise.

- I**mmediate Mastery Quiz:** When a quiz is included in the last few minutes of the period, learners retain almost twice as much material, both factual and conceptual.

- **Story Telling:** Stories, metaphor and myth catch people deeply within, so no longer are listeners functioning as tape recorders subject to overload limits. Stories allow the listener to seek an experience of being alive in them and find clues to answers within themselves.

Notes

Training Tips: Group Discussion in Classroom Training

- Group discussion is another often-used classroom learning technique. Awareness of complexity and enhanced understanding result when learners discuss the meaning of events with each other.

- To be successful, groups need a common experience to draw them into participation and establish a personal connection with the content.

  - The RHIIP case studies are a form of shared experience. Through the case studies, participants not only search for right answers but also develop their ability to articulate their thoughts, frame problems, generate solutions, and evolve principles that may apply to other situations.

  - The following are tips to help create a shared experience that can focus a group discussion.

- **Short Readings:** Give participants brief assignments to read and discuss in class.

- **First Person Experience:** Give participants exercises to write in a personal voice (autobiographies, oral histories, memoirs). Such writing bridge the gap between students' own lives and the content under study. Students more readily take part in discussions when they can personally relate to the material.

Notes

- **Individual Task with Review:** Instruct students to complete a worksheet or other task individually and compare the results with the neighbors.

- **Self-Assessment Questionnaires:** Conduct short surveys of learner attitudes, values, or performance.

- **Total Group Response – Human Graph:** Learners literally take a stand on an imaginary graph or continuum. The first few volunteers justify their choice of position, then the remainder of the class joins them without comment.

- **Visual Studies:** Seeing first hand creates a common ground. Photographs, videos, and personal videotapes are examples of ways to bring direct depictions of concepts into the classroom.

- **Role Play:** Learners explore problems and possible solutions by enacting problem situations and then discussing. Together learners can explore feelings, attitudes, values, and problem solving strategies.

Notes

Training Tips: The Role of Questions in Classroom Training

- Classroom training, to be effective, is an interactive exercise that involves more than simply lecture by an instructor, however well-informed that instructor may be. An integral part of classroom training is the art and practice of the **question**.

- In this section, we will offer tips and advice on questions in the classroom.

- Asking and answering questions are important to communication. Questions stimulate thought and encourage or force participation. They help the instructor adjust the class to the students and may uncover misunderstandings.

- Questions can **increase student interest**.

  - Class interest increases and improves when student participation is obtained by questions.

  - Questions can come from the instructor or a student.

  - Students are often very interested in hearing one of their own group and may feel that they add to the instruction if they can ask questions and answer questions from the instructor.

- Questions can **stimulate student thinking.**

  - Students are more alert when they are held responsible for their own learning.

  - They will pay closer attention and think more about the subject if they know that questions will be asked.

  - Instructors who ask questions and solicit student questions are helping their students learn.

Notes

- Questions can reveal **student attitudes.**

  - Students' responses often show how they feel about the subject or the training program.

  - This can be important feedback to the instructor and indicate the presence or absence of motivation by the trainees.

- Questions **permit student contribution.**

  - Students may have new ideas about the lesson material and should be encouraged to contribute these to the class.

  - Such participation stimulates interest, adds variety, and also adds material to the lesson.

- Questions provide **emphasis and reinforcement of main points.**

  - Remembering important points is made easier by questioning.

  - Simply asking a question about some point emphasizes that idea. Correct responses to questions reinforce the correct ideas in the students' minds.

- Questions can **check the effectiveness of the instruction**.

  - One of the best ways to check the understanding of ideas is by direct questioning.

  - Student answers to these questions can show if the methods, techniques, and approach you have used are working.

Notes

Training Tips: Instructor/Trainer Questions in Classroom Training

- Instructor/trainer initiated questions are a powerful tool in classroom training. This section offers a few tips on instructor questions.

- Generally, questions should be asked for a specific purpose. Questions may be used to emphasize a major point, stimulate thoughts, arouse class interest, or alert students. A question may check immediate understanding and a later question on the same point may check for recall.

- Questions should be clear, phrased in understandable terms and language. Avoid lengthy questions that require additional instructor clarification. Use simply worded, direct, and easily understood questions.

- Where possible, questions should seek a clear and definite answer. State the question so that a definite answer is required. A vague and indefinite question will invite a vague and indefinite answer.

- Where possible, each question should be used to emphasize only one point. Where a question does require multiple responses, distribute the answering responsibilities among students to obtain greater participation.

- The "ask, pause, and call" technique is effective. Ask the question, pause to allow each student to prepare an answer, then solicit responses or ask an individual to offer a response.

- Once an answer to a question is given, evaluate the answer in such a way as to encourage additional student participation.

Notes

- The right kinds of instructor questions open the door to student participation. Here's a few examples of questions designed to lead to additional thought and discussion:

  - Description Questions: What did you see? What happened? What is the difference between...?

  - Reflection Questions: What was interesting? What was surprising?

  - Analogy Questions: What else does it remind you of? What else does it look like?

  - Common Purpose Questions: What is the purpose of…? What is the usual function of...?

  - Procedure Questions: How does one normally do...? How was this done? What is the normal next step?

  - Possibility Questions: What else could...? How could we...? If we didn't have, or couldn't...what could we do...?

  - Prediction Questions: What will happen next? What will you see? What will be the effect?

  - Justification Questions: How can you tell? What evidence led you to...?

  - Theorizing Questions: Why is it that way? What is the reason for it?

  - Generalization Questions: What is the same about... and...? What could you generalize from these events? What principle is operating?

  - Definition Questions: What does... mean? Define the word...

Notes

Training Tips: Responding to Questions from Participants in Classroom Training

- Responding to participant questions is one of the most difficult aspects of the trainer's job. When a participant poses a question, the trainer is no longer "on-script" and must think on their feet to formulate a response that will answer the question or point the participant in the best direction to find the answer.

- Before responding to participant questions, first ensure that you are clear that you understand the actual question the participant is asking.

  - Student may not ask a question properly, may give you part of the situation, or may make assumptions about background information that you know nothing about.

  - Student may not be clear on the question themselves, or may not have communication skills to ask the question clearly and precisely.

- In general, don't interrupt a participant until they are finished asking the question (unless the question is simply inappropriately long).

- If necessary, clarify the question with the participant. Check out what they are asking:

  - "What I hear you saying is …"
  - "What I hear you asking is …"

Notes

- When responding to participant questions, it is important to be able to point to a source document or reference that will support your answer.

  - In such situations, it is critical that the trainer not offer definite answers unless the trainer is sure of the answer himself/herself.

  - Do not make up answers, guess at the answer, or try to bluff your way through the answer.

  - Don't avoid the participant's question and discuss something else because you don't know.

  - If you don't know, admit that you don't know and offer to find out the answer later and get back to them.

- When responding to participant questions:

  - Ensure that you use correct program terminology and avoid general terms that may not mean the same thing to different people. Practice not using agency or personal slang but use terms that all participants will be able to understand.

  - In general, don't use personal examples or mention names of other agencies.

  - Avoid going off on a long talking trip yourself. Typically, trainers love to talk and love to listen to themselves talk. Stay on the subject and stay focused.

- Participants may ask multiple-part questions, several questions rolled into a single question.

  - In this situation, clearly break the single question into its multiple parts. Check out each part with the questioner, to ensure that you understand, and respond to each part.

Notes

- Participants may ask "never-ending" questions that go on for an inappropriately long time.

  - In this situation, you must exhibit patience, but you may simply have to interrupt at some point.

  - Often, when interrupting, an effective strategy may be to help the person focus their question by asking clarifying questions to get to the central point.

  - You may also need to suggest to the person that, because their question is long and involved, it would be better to discuss the situation with you personally after the class or on a break.

- Participants will often ask off-the-subject questions.

  - In this situation, once you determine the point of the question, you will know if you are going to cover the topic at some time in the training program. If so, tell the questioner when you are going to cover the issue, ask if you could address it at that point, and ask them to remind you of the question when that point comes.

  - If the question deals with a subject not covered at all in your training program, you will need to explain this to the questioner. One possible approach is to ask other participants if they have any advice or guidance to offer the questioner after the session or at the break.

- Participants will often ask challenging or antagonistic questions, meant to challenge the accuracy or reliability of your information.

  - "We're not doing it that way" (so you can't be right).

  - "We had an audit and HUD didn't say anything about this."

Notes

- How you respond to these types of questions will depend on the issue at hand. At a minimum, stick to the facts you know. You can only respond to what you know, not to specific situations or circumstances you have no direct knowledge of.

  - Where a situation is open to interpretation, acknowledge that different approaches may be possible.

- Participants will often ask the same question multiple times, or in slightly different ways.

  - Often, this can be a sign that your earlier answers are not being heard or not registering with some listeners.

  - This can present the opportunity to rephrase your answer and try a different approach to presenting the same basic response. In addition, if it appears that earlier listeners did understand the earlier response, you could ask for their feedback as a strategy to present the answer in a fresh way.

- It's important to understand that the trainer must remain in control of the learning environment.

  - Participant questions add tremendously to the learning experience.

  - Trainers should seek to create a supportive environment where questions are valued and where students are encouraged to ask, participate and be involved.

  - Capitalize on the strengths that you see in the students, reward and compliment students for positive input.

  - However, the trainer must maintain control of the learning environment and strike a balance between participant questions and the clear training objectives that the trainer must achieve.

Notes

Training Tips: Managing Your Time in Classroom Training

- In every training session, trainers are faced with the imperative to cover the required material and follow the established agenda within a fixed amount of allotted time. In this section, we address a few common problems and possible solutions for staying on track and maximizing the use of the training time.

- **Relevant Sidetracks:** An exciting part of training is the synergy that results from many minds tackling the same problem or question. Sometimes discussions will take an unexpected turn for the better or a specific comment will create additional thoughts and ideas. The advantages of this are obvious: excitement and energy in the classroom; thought-provoking insights; enhanced learning. However, digressions - even if appropriate to the training topic - create sidetracks that disrupt the current training or build to the point that you lose control of your agenda and your time. To help control the discussion, consider the following.

   - Use a "**parking lot**." Before your training begins, create a flip chart entitled "Parking Lot" and post it on the wall. When a participant raises a relevant point or question, validate their thinking and assure them you'll discuss it later.

      - For example, say something like, "Good question. Let's park it and we'll talk about it later."

   - A parking lot helps you stay on track by postponing the discussion. Often, an item posted on the parking lot will be addressed later in the session anyway.

   - As part of your wrap-up, you may want to go through the list and ask participants "Did we talk about this?" and make sure each point was covered during the workshop.

Notes

- Use a **follow-up board.** Before your training begins, create a flip chart entitled "Follow-up Board." Like a parking lot, a follow-up board helps you stay on track by providing a place for you to post a question, idea, or discussion point.

- However, unlike the parking lot, what you post on a follow-up board will most likely not be addressed in the current workshop.

- It's important, however, to address the sidetrack as something that is worthy of future discussion.

  • For example, say something like, "That's an important point and we could easily spend the rest of this training discussing this issue. Right now though, we need to get back to our training topic(s). I'm going to post this discussion point on the follow up board."

- The challenging part for you is how to follow up. Is it worthy of a future training topic? Will management approve a follow-up workshop on the topic? Is it a conversation or practice the company wants to explore? What is the best way to follow up with participants? Because the answers to these questions are unique to each organization, training department, and management team, it's important not to over commit. Tell participants you will follow up but don't say how unless you're sure you can do what you say you'll do. No matter what, make sure you follow up.

Notes

- **Irrelevant Sidetracks:** Handling irrelevant comments and digressions can be tricky because you may be dealing with a person's need to be heard more than the digression itself. Here are some ideas to help you handle irrelevant sidetracks.

  - Use an "**other topics board**". Before your training begins, create a flip chart entitled "Other Topics Board." Like a parking lot, the other topics board helps you stay on track by providing a place for you to post a question, idea, or discussion point.

  - However, unlike the parking lot, what you post on the other topics board will not be addressed in the current training because it is not directly relevant to the topic. It can be important, however, to address the sidetrack as something that is worthy of future discussion. These topics could be candidates for additional follow-up in some other training or some other venue.

  - **Acknowledge and redirect** the discussion. Sometimes, a simple acknowledgement and a redirect back on topic is the easiest and most effective approach. "Thank you for that Linda, now let's get back to..." or "Okay Jon, thank you. Now who can tell me..."

  - **Ask permission from the group to focus on the topic**. If the sidetracks continue, you may need to get permission from the group to share only stories, insights, or questions that are directly relevant to the training topic. You could say something like, "Several very interesting points have been raised so far. However, in order for us to stay on track and finish on time, I'd like to focus our discussion, questions, and comments on the topic. Is that okay with everyone?" The class will likely be relieved and more than happy to agree.

Notes

- **Keeping Activities on Track:** If you realize time is running short, consider these approaches for running activities.

  - **Facilitate round-robin activities.** If you have a small group activity that consists of several discussion questions, assign tables only one question instead of all of them.

  - **Announce time intervals.** As the end of time allotted for any activity draws near, announce it by saying something like, "You have two minutes left." For lengthy activities, like case studies or problem-solving models, help participants stay on track by breaking down the activity into parts. Explain at the start of the activity how long they should spend on each part of the task: 5 minutes for discussion, 10 minutes for planning, 5 minutes for execution, for example. Then, as you walk from group to group, tell them how much time they have left for a given task. For example, "You have another minute to wrap up discussion and start planning."

Notes

- **Ending Breaks On Time:** One of the most difficult challenges trainers face after a break or lunch, is getting the participants to return on time. Participants often remove their training hat during a break and their mental focus returns to work or socializing. As a result, phone calls, handling work problems, and socializing all get in the way of a prompt return to the training room. Consider these ideas to encourage participants to promptly return.

  - **Start the presentation on time.** A simple yet effective way to encourage participants to return is to restart your presentation at the time you set for the break to be over. Delaying your start time for stragglers is unfair to those who returned promptly, and could encourage all participants to be late. By always starting on time, participants who are interested in the training will learn that, to be late is to miss part of the training.

  - **Choose a table timekeeper.** Using timekeepers can help you keep on track in a light-hearted and fun way. Give them responsibility for rounding up stragglers from their group after breaks.

    - How you select a timekeeper should set the tone; it should be quick and fun. For example, announce that the next timekeeper is the person at each table with the fewest letters in their name or the one who has the most pets; the one who is most colorfully dressed or owns the most pairs of sneakers. Change the table timekeeper after each break so it's not always the same person.

    - As an aside, these quick elections also work well for choosing a table leader, table presenter, or any other role you need to quickly and fairly fill. The side benefits are usually a few laughs (and groans) and a raised energy level in the group.

Notes

- **Break at odd minutes.** Who says your break needs to be 10 minutes? Or 15 minutes? Breaking at odd minutes will help keep participants focused on time. Look at the clock or your watch (which will prompt participants to do the same) and say something like, "It's 10 after. Let's take a 13-minute break." Then, whatever their watch says, they'll remember their 13-minute deadline. Another way to achieve the same focus on time is to ask for a specific return, like "It's almost 10 after 11. Let's start again at 11:23."

- **Reward promptness.** Tell participants you will reward promptness and then do so. Distribute gum, candy, funny stickers, small trinkets or toys, slogan buttons, or other giveaways to those who arrive on time. Or reward groups in which all participants have returned from break promptly (this works particularly well if you have table timekeepers).

- **Be creative.** You could even use a technique such as blowing a train whistle. It's fun and gets attention quickly.

Notes

- **You're Behind With No Way to Catch Up:** If you're faced with the realization that you will run late in spite of your best efforts, talk to participants about it.

  - **Ask your participants to tell you what they want to learn.** Create a flip chart list of learning points that you have yet to cover (do so while participants are engaged in an activity or on break). Give participants a moment to look at the list and think about which learning point is most important to them. Explain that you'd like to focus on the learning points that they'd most like to learn about during the rest of the session. Tell participants to come up to the flip chart and place a check mark next to that point. Look for clusters and patterns. If applicable, summarize a learning point or two instead of covering it in its entirety.

  - **Elicit help from the group.** Offer them a realistic choice: skip the break, add a half hour, schedule a follow up session, etc. They'll appreciate your honesty and your efforts to include them in the decision-making process.

  - **Solve the problem for the future.** Reflect on why you were in this situation and correct the problem so it doesn't happen again.

PART IV   TRAINING THE CASE STUDIES

The Case Study Method

- The training series uses case studies as the primary method of transmitting information and illustrating key income and rent determination principles.

- The strength of the case study method is that it integrates various separate concepts (income, expenses, rent calculations, among others) into a integrated whole, enabling participants to see the actual application of the rules for a particular family.

  - Case studies move beyond theoretical knowledge of the rules and apply the rules to a real-life situation.

  - It presents issues in the same way that owners and agents actually face them – with multiple issues relating to a single family.

- This section will give you tips on how to make the best use of the case study approach.

Case Study Structures

- The materials in Modules 1 through 5 of the RHIIP training series include two types of case studies.

  - "Bottom-up" cases begin with a simple scenario and then build in more complexities.

  - "Top-down" cases start with a complex scenario and then guide the learner through a step-by-step process of analyzing the complex information.

Notes

- **Bottom-up** cases are structured to take learners through several iterations of a case, moving from easy to more complex. The strengths of such an approach include:

  - Allowing learners to practice each step and ensure understanding of each step before moving on

  - Providing illustrations of how different family circumstances affect the required steps in the process.

  - Letting learners compare how a single situation may differ depending on the details.

- Examples of bottom-up case studies are the Bonner family case studies in RHIIP Module 1.

  - **Case study 1** presents extremely simple circumstances. - calculation of income based on a single earner with a simple wage structure, no assets, a single deduction to arrive at adjusted income, no utility allowance, and a calculation based on 30% of monthly adjusted income.

  - The learning objective of case study 1 is to present the fundamental building blocks – income, adjusted income, and rent calculations.

  - **Case study 2** works through several areas that tend to cause errors by complicating the Bonners' circumstances. It adds a multi-part wage structure, child care expenses and child support.

  - The learning objective for case study 2 is to examine the complexities of each of these three types of calculations, which are known to cause many errors.

  - **Case study 3** removes most of the case study 2 complications and adds different complications – a new wage earner with overtime, a foster child and utility allowance. Case study 3 also requires the learner to look at actual verification documents and to think about how the information needed for the calculation must be identified.

  - The learning objective for case study 3 is to examine three different types of complications that are known to cause many errors.

Notes

- **Top-down** cases are structured to break down a complex situation into smaller, more manageable parts, then tackling each part separately. Strengths include:

  - Presenting information as learners are likely to encounter it in the real world – in an untidy and often imposing mass – and illustrating the process of digging into that mass of information systematically.

  - Allowing a discussion of what to do when information is not clear and judgment is required.

- An example of a top-down case study is The Curly Q Salon, case study 1 of RHIIP Module 5.

  - The case study presents numerous financial documents provided to calculate business income from the Curly Q salon. The questions that follow walk the learner through a step by step analysis of these documents and the information provided, in order to establish business income and expenses, circumstances of a business loan, projecting business performance and applying business income to the family's income.

  - The learning objective for each set of questions is to help the learner determine how to make sense of apparently conflicting and confusing documents. The sample responses also provide information about the kids of assumptions the learner may need to make, with a discussion of how to make such judgments.

- Understanding the nature of the two types of case studies – Bottom-up and Top-down – and their differences, is invaluable for the trainer when attempting to guide the participants through the case studies in an efficient and effective manner.

  - In a bottom-up case study, learners need to be led to **construct** or ***build up*** the case study scenarios, piece-by-piece, as new information is added.

  - In a top-down case study, learners need to be led to **deconstruct** or ***break apart*** the case study into manageable pieces, in order to understand each piece separately.

Notes

- A useful analogy is the distinction between the forest and the trees. Each tree has its own unique properties. Yet, taken together, all of the trees make up the forest. To understand the trees, you need to understand something about the forest. To understand the forest, you need to understand something about the individual trees.

  - With both types of case studies, the ultimate objective is to understand *both* the separate pieces *and* how the pieces fit together into the whole picture – both the forest and the trees.

  - The distinction lies in their approach to understanding – bottom-up or top-down.

- So, the effective trainer will recognize the specific approach taken by a case study and will utilize that approach.

  - Separate concepts (income, expenses, rent calculations) will be understood, then built up into a larger picture.

  - Larger processes will be broken down into manageable pieces, which can be understood in their own right.

Notes

Ideas for Preparing Learners to Tackle a Case Study

- The Pre-Test questions in each module are designed to help learners understand what they don't know, in order to help them get the most out of each session. It is expected that they will be unable to answer some of the questions.

- The trainer's goal in every subsequent step is to have the learner succeed.

- Learners must absorb certain information in order to apply it effectively in a case study.

- The materials provided give the tools needed to transmit this information either through self-study or through trainer-facilitated learning.

- *Trainer-Facilitated Learning*

    - Use the most interactive methods appropriate to the setting when attempting to convey the information.

    - Let the learners think through the examples themselves, and explain the reasons that they are handled as they are.

    - Draw on your real-life experiences and those of the course participants whenever possible to give the session lots of grounding in real life.

- *Self-Study*

    - Provide the relevant materials with an explanation of what is required. This is particularly important if the training will rely on excerpts of the modules, so that the overview sections may not be included.

    - Give the learner sufficient time to read and master the material.

    - Make sure to follow up with an opportunity for clarifications and questions before having the learner begin a case study.

Notes

Effective Facilitation of Case Study Discussions

- Do your homework.

    - Know the references the case is based on.

    - Review the regulation or handbook if you are unclear about any of the nuances.

- Study the case in advance.

    - Be clear about the points the case is (and is not) designed to address.

    - Use the trainer notes to help you focus the discussion.

    - Decide for yourself which aspects of the case need clarification given your audience.

    - Think about what issues are likely to be confusing and how you will explain or illustrate them from your own experiences. Some of these are flagged in the 'notes' column of the trainer manual, but you may have additional ideas.

    - Know what issues you may need to highlight early-on in order to make more complex points later.

- Think about your audience. Make your best guess about the level of instruction that will be appropriate.

    - Allot time to review basic material for less advanced students.

    - Review basic material quickly for advanced learners and focus on nuances and complications.

    - For a mixed audience, acknowledge the differences and take time for some review.

    - When possible, use the expertise of more advanced learners.

- Unless you are reviewing material that you are confident the group only needs to review briefly, don't move too fast. People need time to absorb the things they have learned and to think about the implications for other situations.

- The trainer needs to help the learners see connections. Don't assume that learners will see the implications of a particular case study for other situations. Tie the case into your experiences and the experiences the learners bring to the session.

- As a case study begins, ask appropriate questions to set the stage for the case study, ensure that the participants understand the salient facts, and steer the thinking toward the key points to be made:

  - What do we know about the situation?
  - What do we know about the specific task to be accomplished?
  - What is the best process to use to complete the task?

- As you work your way through the various steps of the case study, ask questions to help participants understand the issues at hand and the key decisions that need to be made in order to address those issues.

  - What step should we do next, and why?
  - What questions should we ask ourselves at this point?
  - What types of verification or documentation would be needed at this step?

Notes

- At the conclusion of the case study, ask questions to help ensure that the participants have grasped the key issues and to reinforce their learning and retention:

  - What made this situation tricky?

  - What other types of situations arise that might cause errors in this area?

  - What kinds of errors are people most likely to make in this sort of situation?

  - What kinds of strategies can be used to help reduce errors in this area?

  - What are the ripple effects of an error in this area?

PART V   MODULE 1

Introduction

- As the first module in the RHIIP Case Study training series, Module 1 offers a fairly broad overview of all aspects of income and rent determination – annual income, deductions, adjusted income, total tenant payment (TTP), rent – and introduces many concepts, principles and practices that will be revisited throughout the series.

- In this section we will summarize the key issues in Module 1, recap each of the Module 1 case studies and offer tips for each, and offer additional practice questions and answers.

Module 1 Issues

- Module 1 offers practice in the identification and classification of typical household types and household members, based upon program requirements and the definitions contained in Handbook 4350.3 REV-1. This includes:

  - Understanding family composition and the distinction between family and household.

  - Understanding the distinction between head of household, spouse and other adult.

  - Understanding the distinctions between elderly household and disabled household; elderly person and person with disabilities.

  - Understanding various types of family and household members – minors, dependents, foster children, foster adults, live-in aides, full-time students, remaining member of a tenant family.

Notes

- Module 1 provides a basic understanding of the definition of annual income as well as understanding of and practice in applying Handbook 4350.3 REV-1 requirements for key elements of annual income. This includes:

    - Earned income, alimony and child support, foster care payments.

- Module 1 also provides a basic understanding of the definition of adjusted income as well as understanding of and practice in applying Handbook 4350.3 REV-1 requirements for key elements of adjusted income. This includes:

    - Dependent deduction, child care expenses.

- Module 1 provides an understanding of and practice in applying requirements for calculation of rent in Section 8 project-based, PAC and PRAC projects. This includes understanding the principles of:

    - Project rents, total tenant payment (TTP), assistance payments, tenant rent, utility allowances, utility reimbursements, rent to owner.

- Module 1 offers an introduction to and significant discussion of the principles, concepts and requirements of verification and documentation, including verification of the specific income and deduction issues highlighted in Module 1.

Notes

Module 1 Case Studies

- *Case Study 1: Introducing the Bonners*, is a fairly simple and straightforward case study designed to introduce the learner to basic concepts and to illustrate the full rent calculation process from determining annual income through calculation of the housing assistance payment.

  - The case study is divided into two parts and the answers are provided directly in the text. This is the only case study in the series for which this is true.

  - New learners will find this case study helpful because it gives the "big picture" without complicated calculations or application of obscure policies. More experienced learners will find the case study very basic. The usefulness of the Case Study will therefore depend upon the experience of the learner.

  - While the text for Module 1 introduces many income and rent topics, Case Study 1 addresses only specific elements of annual income and only two of the deductions from income. Learners should focus on those elements.

  - Learners should be familiar with all of the remaining case studies and all of the remaining modules and know where certain topics are covered in detail. If a discussion appears to go off-track from the current case study, identify the module that will address the issue and refocus the conversation on the items to be discussed in the current case study.

Notes

- *Case Study 2: The Bonners Revisited*, follows immediately after Case Study 1. Case study 2 is intended to reinforce the basic concepts introduced in Case Study 1, illustrate more complicated calculations of employment income (two different sources and rates of pay) and the treatment of child support payments.

  - Case Study 2 also introduces a manual rent calculation form that requires the learner to complete the calculations by hand (for most owners, these calculations are automated). This is not a HUD-required form, but is similar to the one that many owners use to collect information and make manual calculations. Doing the calculations manually is an important training activity because the learner should know how the calculations work, even though many of the calculations are done using vendor software.

Notes

- *Case Study 3: The Bonners – Changes and Challenges* is considerably more challenging than the earlier two case studies. Case Study 3 follows the Part V discussion on verification and documentation and is intended to offer practice in reviewing and interpreting verification forms. In addition, Case Study 3 offers additional complicating issues and factors for the Bonner family, including added family members, seasonal employment and overtime pay, foster care payments, documentation of loss of income (child support), dependent deduction as it applies to foster children, and utility allowances.

  - The issue of verification and documentation will be revisited throughout the RHIIP Case Study training series.

  - Note that Case Study 3 deliberately shows a difference between the amount reported by the family and verification documents, illustrating the importance of reliance on third-party documentation as the primary verification source.

  - When training Case Study 3, it might be helpful to give the participants approximately 5 minutes to work on the case study and then offer to review their answer for annual income. In this way, you ensure that participants are using the correct income numbers from the outset, before further calculations are made.

  - Note that one complicating factor is that the owner no longer pays for utilities, which are now the responsibility of the family. This could prompt questions about budget-based rent adjustments and setting utility allowance schedules. It may also prompt questions about why the owner's rent went down (i.e., utilities paid by owner have decreased). This topic may be worth a brief explanation, but is not the subject of this module.

Notes

- *Case Study 4: Advanced Topics*, follows immediately after Case Study 3. Case study 4 is actually five different scenarios or mini case studies, illustrating two of the more challenging decisions and calculations in this module – annualizing income and pro-rating child care expenses.

  - Scenarios 1 and 2 address the common error incorrectly annualizing hourly rates. Scenario 1 demonstrates annualizing semi-monthly paychecks (multiply the paycheck x 24 months). Scenario 2 demonstrates annualizing a bi-weekly paycheck (multiply the paycheck x 26 weeks), as well as demonstrating variable work hours.

  - Scenario 3 gives an example of "sporadic" income (which is not counted in annual income).

  - Scenario 4 requires the participant to pro-rate child care expenses because one of the persons cared for is not eligible for child care.

  - Scenario 5 illustrates how child care for a foster child is treated and illustrates child care expenses limited by the earned income of the person enabled to work.

NEW MODULE 1 PRACTICE QUESTIONS

Following are four new practice questions, illustrating basic content from Module 1. Answers to these questions are found in the attachment at the end of this module.

- Jerry is in for his annual reexamination. For six months out of the year (26 weeks), Jerry works construction. During this time he makes $14.50/hour for regular, full time work (40 hours/week). For overtime, Jerry receives time-and-a-half pay. During construction season, Jerry consistently works full-time and averages 15 hours/week in overtime. It is currently one month into the construction season.
- For the other six months of the year (26 weeks), Jerry draws unemployment compensation at $200/week.

1. Compute Jerry's annual income using:
   a. Method 1, where Jerry would be able to ask for an interim reexamination
   b. Method 2, where Jerry would not be able to ask for an interim reexamination

Method 1:

Method 2:

2. Calculate the Dependent Deduction for the following family:
    -   Jeff (age 45), Head of Household, Non-disabled, Employed
    -   Julie (age 42), Jeff's sister, Non-disabled Other Adult, Full-time Student
    -   Lisa (age 18), Jeff's daughter, Disabled, employed part-time, part-time student
    -   Keith (age 17), Jeff's son, employed part-time, not in school
    -   Vickie (age 10), Julie's daughter, in school
    -   John, (age 9), foster child, in school

    Dependent Deduction is:

3. Melissa pays $200/week to a local child care provider to care for her daughter Cynthia, age 4, while Melissa works in the morning and attends school in the afternoon (Monday through Friday only, year-round). While Melissa works only part-time, she is carrying a course load at school that is just large enough for full-time student status.
    -   Assume that the child care rate is reasonable, in this instance.
    -   Melissa drops Cynthia off at the child care provider at 7:00 AM and starts work at 7:30 AM. Melissa leaves work at 11:30 AM and starts school at 12:00 PM. Melissa leaves school at 4:00 PM and picks up Melissa at 4:30 PM.
    -   Melissa makes $4.55/hour at her part-time job.

a. How would you calculate the annual amount of the child care deduction for Melissa?

b. How would your answer be different (if at all) if Melissa were not the head, spouse or co-head of the family?

4. Verifications:
    a. What are HUD's three acceptable methods of verification, and in what order?

First:	
Second	
Third	

    b. When third-party verification is not available, what must the owner include in the tenant file?

_____

_____

_____

_____

_____

_____

_____

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_____

PART VI   MODULE 2

Introduction

- The second module in the RHIIP Case Study training series builds on the concepts introduced in Module 1, offers learners additional opportunity to practice calculations, and introduces several new topic areas – family consent and verification, disclosure of social security numbers (SSNs), restrictions on assistance to noncitizens. In addition, Module 2 builds on the discussion of annual income with several new income types – TANF, unemployment assistance, food stamps and food contributions, and regular contributions and gifts.

- In this section we will summarize the key issues in Module 2, recap each of the Module 2 case studies and offer tips for each, and offer additional practice questions and answers.

Module 2 Issues

- Module 2 focuses on requirements for screening of family members for eligibility bases on citizenship and/or eligible immigrant status. Module 2 also addresses the documentation responsibilities associated with this requirement.

- Module 2 discusses requirements for documenting social security numbers (SSNs), family members required to document, and types of documentation that are acceptable.

Notes

- Module 2 introduces several new sources of income, and highlights the 4350.3 REV-1 requirements related to these income sources, including:

    - Temporary Assistance for Needy Families (TANF)
    - Unemployment assistance
    - Food stamps and food contributions
    - Casual or sporadic gifts
    - Regular contributions and gifts

- Module 2 addresses basic minimum rent requirements, including circumstances when exemptions to the minimum rent requirements may be granted.

- TTP and rent calculations covered in Module 2 illustrate situations where the minimum rent does not apply and where rent proration is required due to the inability of some family members to document eligible immigration status.

Notes

The Module 2 Case Studies

- *Case Study 1: Introducing the Hunt Family* is a detailed case study focusing on three key verification and documentation issues – verification consent, social security number disclosure, and citizenship/immigrant status.

  - No calculations are required in Case Study 1.

  - Using the information provided, learners are required to analyze and assess the documentation against the program requirements, and to exercise judgment on the acceptability of documentation provided.

  - The text for Module 2 discusses forms HUD-9887 and HUD-9887-A and also owner-developed verification consent forms. The HUD-9887 forms are not included in the manual. Trainers for classroom setting should ensure that participants have access to Handbook 4350.3 REV-1 or provide these forms as a handout.

  - Many of the questions in Case Study 1 require simple "yes" or "no" answer from participants. However, the answer key provides additional explanation of the rationale behind many of these "yes/no" answers. In particular, the answers note that SSN documentation is required for family members at least 6 years of age or older, that citizenship/eligible immigrant status documentation is required for all family members, and that the verification consent forms must be signed by all family members age 18 or older.

  - While questions 1-4 are fairly straightforward, questions 5-8 require a greater level of thought and analysis. In particular, learners must consider the required contents of a verification form, as well as how to handle complications in the secondary verification process for eligible immigrant status.

Notes

- *Case Study 2: The Hunt Family Again*, builds on Case Study 1, adding additional complications to the Hunt family primarily related to income.

  - Because the family is at an annual reexamination, learners must revisit the questions of the types of consent forms, SSN and citizenship documentation that might be required at this point. Specifically, while family composition has not changed, family member ages have. Documentation that might not have been required at the prior reexamination may be required at this reexamination (e.g., SSN documentation). In addition, consent forms are required at each annual reexamination.

  - Learners must also address several new potential sources of income to be included or excluded, and then compute the family's income, TTP and assistance payment. While many types of contributions may come in to the family in Case Study 2, the important point is that some of these items are income (e.g., regular contributions and gifts, TANF), and some are not (e.g., food stamps, value of groceries, temporary, nonrecurring and sporadic income).

- *Case Study 3: The Hunt Family, Part 3*, follows immediately after Case Study 2. In Case Study 3 an additional family member moves into the unit. This person ultimately is determined to be an ineligible non-citizen.

  - The exercise focuses on understanding applicable documentation requirements, appeals to Dept. of Homeland Security (DHA) and the owner, and pro-rating the assistance payment for a mixed family.

  - Case Study 3 illustrates the situation of family members without eligible immigration status, yet earning income that must be counted in the family's annual income. The individual's full income must be counted, despite the fact that the family must pay an increased rent due to the individual's ineligible status. This may be a confusing point for some and merits discussion.

Notes

- *Case Study 4: Advanced Topics*, is actually three separate mini case studies, illustrating three additional complications in this module – exceptions to the minimum rent requirement, welfare income in as-paid states, and utility reimbursements.

    - Case Study 4A addresses minimum rent exceptions. The concept of minimum rent (as part of the TTP formula) was covered in Module 1, but the exception criteria were not discussed.

    - Case Study 4B requires participants to calculate welfare income and rent in an as-paid state.

    - Case Study 4C illustrates the calculation of a utility reimbursement. Note that the concept of utility reimbursement was introduced in Module 1, but is not explicitly addressed as a case study until now in Module 2, Case Study 4C.

    - As-paid states and localities are relatively rare. Make sure that participants understand that they must determine whether this calculation is applicable. This example used in the case study is an illustration of the concept. Rules vary by jurisdiction. In a classroom situation, if all participants are from jurisdictions that are known not to be affected by this issue, consider deleting the discussion and eliminating the Case Study 4B exercise.

NEW MODULE 2 PRACTICE QUESTIONS

Following are four new practice questions, illustrating basic content from Module 2. Answers to these questions are found in the attachment at the end of this module.

1. Mixed families:
    a. Define a "mixed" family.

    b. Calculate Prorated Assistance and the New TTP for the following family.
        - 4 eligible family members
        - 6 total family members
        - $750 full assistance
        - $220 current TTP

2. Kathie (head of household) has just been notified by the local TANF agency that her monthly TANF benefit is being reduced due to adjust for a prior overpayment of TANF benefits. Her usual TANF payment of $750/month will be reduced to $550, effective next month. This reduction is expected to last as long as 12 months. Kathie reports this to you and asks if there is anything that can be done to reduce her rent?

   - What is your response?

3. The Cole family is currently paying the minimum rent of $25. However, they have just requested an exception to the minimum rent requirement, due to hardship. Their current calculation of TTP is as follows:

   - $5   30% of adjusted income
   - $15   10% of monthly gross income
   - $0   Welfare Rent
   - $25   Minimum Rent.

- If the owner approves the exception the family's new TTP will be:
  a. $5
  b. $15
  c. $0
  d. $25
  - Explain your answer:

4. Following are amounts the Fox family will receive over the coming year. Based on this list alone, how much annual income will you count for the Fox family over the coming year?

   - Family reports that grandparents, not living in the unit, give the kids Christmas presents every year. The value of the gifts varies from year to year. Last year, the total was around $100.
   - Family receives $300/month in food stamps.
   - Family reports that they receive about $100 worth of groceries each month from the local food bank.
   - Family reports that grandparents, not living in the unit, give the family $75 every month to help out with living expenses – food, clothing, personal items, etc.
   - Local welfare agency is helping the family pay off a medical bill, providing $50/month in assistance directly to the family.
   - Family reports that grandparents, not living in the unit, pay child care expenses for Susan, age 7. Expenses of $75/week paid directly to the child care provider.
   - Family receives unemployment benefits of $400/month.
   - Son, age 18, works part-time at the local Quik-E Mart while attending community college full-time. Son earns $5.50 per hour while working 30 hours per week.
   - Family receives TANF at $750/month.

Answer:

Notes

PART VII   MODULE 3

Introduction

- The third module in the RHIIP Case Study training series is a significant departure from the regulation-based formats used in the first two modules, and used later in Modules 4 and 5. Module 3 focuses on the improvement of interviewing skills as a means of reducing errors and omissions and also for providing high quality service to applicants and tenants.

- Because Module 3 addresses relatively "soft" skills, learners may need to be "sold" on the ideas. Many front line interviewers will already be aware of the importance and challenges of interviewing, but others may not immediately see the relevance between this interviewing and accurate eligibility and rent determinations.

- Module 3 also adds an important new appendix to the manual. New Appendix 4 is a *Guide to Interviewing for Owners of HUD-Subsidized Multifamily Housing*. This document covers and elaborates upon the topics discussed in the Module 3 text. The document can be used as a stand-alone technical reference document and can be used to provide technical assistance to others.

- In this section we will summarize the key issues in Module 3, recap each of the Module 3 case studies and offer tips for each, and offer additional practice questions and answers.

Notes

Module 3 Issues

- The heart of the Module 3 material is the premise that good interviewing and good information gathering are the necessary prerequisites to accurate income and rent determination. In Module 3, learners must understand the role of interviewing in ensuring correct income and rent determinations.

- Module 3 addresses the skills required to interview effectively.

- Module 3 demonstrates *preparation and application* of a planned methodology to conduct an interview.

- Module 3 identifies a variety of *questioning techniques* and demonstrates application of those techniques.

- *Counter-productive questions* during an interview are discussed.

- Issues related to *interviewing persons with certain types of disabilities* are discussed.

- The role and application of *listening techniques* to encourage communication is also discussed.

Notes

The Module 3 Case Studies

- *Case Study 1: Transition to the Interview,* asks learners to create a checklist of activities that should be completed during Phase I of the interview – Transition to the interview.

  - Unlike case studies in which there is a "right" answer, the case studies in Module 3 can have many answers. Some of the topics identified for transition to the interview will depend upon the type of project (e.g., elderly, non-elderly) and other project-specific issues.

  - The materials that lead up to Case Study 1 stress the importance of interviewing and of having trained and skilled interviewers. They also summarize owner responsibilities and reinforce the discussion about consent found in Module 2.

  - The balance of the materials supporting Case Study 1 help the learner begin to think about the protocols related to interviewing -- how interviews will be conducted, as well a 4-phase description of the interview process.

  - Beginning in Part III and continuing throughout the module examples of "typical language" are given. These examples are intended to illustrate good and poor questions and comments, not specify a script. Learners should be aware that they need to adapt the language as appropriate for the area in which they work.

Notes

- *Case Study 2: Analyzing Interview Situations*, asks participants to think about how they would handle four common interview situations and asks them to develop questions or responses that would be appropriate under the circumstances.

  - The interview issues raised in the case study involve clarification of household composition, resistance to giving authorization for third-party verification, legal identity, and apparent under-reporting of income.

  - The materials leading up to Case Study 2 focus on the second and third phases of an interview – Information collection and Information analysis.

  - Key principles in Case Study 2 relate to analyzing family responses, asking additional clarifying questions, avoiding jumping to conclusions on underlying reasons and focusing on the facts of the situation and the information the interviewer needs.

- *Case Study 3: Part of an Interview with Ms. Marsh*, provides a fictional transcript of a portion of an interview with Ms. Marsh. After reading the interview, participants are asked to critique the interview by answering specific questions about the quality of interviewer's plan for the interview, the effectiveness of the interview questions, and missed opportunities during the interview to obtain better information or opportunities to make the interview go more smoothly.

  - The materials leading up to Case Study 3 complete the discussion of interview phases by discussing the fourth phase - Interview closing. The materials address resolving discrepancies when the interview is over, common mistakes in interviewing, active and passive listening, pacing, and body language.

Notes

- The materials help the learner understand the importance of formulating a good question and also presenting the question in an effective manner. The materials discuss the uses of different kinds of questions – open, closed, and probing; questions to be avoided – leading, complex, questions with double negatives, and questions with jargon; and how asking questions in the proper sequence can improve the quality of the interview.

- Two technical requirements are reinforced through a discussion of the need to ask questions that enable the owner to anticipate income and ways to ask specific questions about income.

- While HUD does not provide a required application form, Attachment 4 to the HUD Rent and Income Determination Quality Control Monitoring Guide, July 2003, offers a sample checklist for eligibility, income and deduction determinations by owners. This sample checklist offers a comprehensive listing of questions which owners could use as part of the family interview process, and could be incorporated into a standard, owner-developed application form. Attachment 4 is included as Appendix 5 to the Participant Manual.

- Remember that the purpose of the case study is to discuss interviewing techniques, not focus on specific questions about the family's circumstances and income.

- The case study may also lead to a discussion of fraud, which is discussed later in the module.

- *Case Study 4: A Different Kind of Interview*, illustrates the need for effective interviewing skills as a problem-solving tool. In this instance, an assisted family is accused of providing false information to the owner. The participants must prepare to interview both the accuser and the head of the assisted family by developing appropriate questions for each.

  - In a class room setting this exercise could be done effectively as a role play.

  - The materials for Case Study 4 continue the discussion of effective questioning by addressing specific topics including questions related to disability, specific questions appropriate for initial and annual recertifications, questions related to fraud and program abuse, and zero-income families. The materials also discuss owner-specific policies related to interviewing.

  - It is tempting for learners to want to judge the merits of this fictional case. However, learners must remember that the point of the case is to learn how to craft effective questions and analyze responses.

  - Families that report no income are sometimes a controversial subject. Again, the point of the exercise is not to stereotype all zero income families as not telling the truth, but to explore ways to find out all of the relevant facts.

NEW MODULE 3 PRACTICE QUESTIONS

Following are four new practice questions, illustrating basic content from Module 3. Answers to these questions are found in the attachment at the end of this module.

1. Give a definition of "fraud" and list at least three topics that should be included in a fraud policy.

2. Primary and Secondary Questions:
    a. Describe the distinction between Primary questions and Secondary questions.

    b. Classify the following questions as either "primary" or "secondary."

"How much money do you owe to your prior landlord?"	
"Do you or any family member own or have interest in any property/real estate?"	
"Do you or any family member work for someone who pays in cash?"	
"What is the account number for your savings account at Evergreen Bank?"	

3. Indicate which of the following activities are part of the transition to the interview phase.

Yes/No	
	Review the income documentation provided by the family and explain why the documentation is or is not acceptable.
	Explain how you calculated the rent the tenant will pay.
	Request an acceptable form of legal identification
	Explain the types of information that applicants are required to provide as part of the application process
	Request that the family explain to you their prior rental history
	Explain the verification process
	Explain the importance of complete and accurate information and the consequences of false or incomplete information

4. Give at least four common mistakes that interviewers make during the actual interview process.

_____

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Notes

PART VIII MODULE 4

Introduction

- Module 4 addresses the remaining deductions from income - elderly/disabled household, medical expenses and disability assistance expenses. It also introduces the key concepts related to assets and income from assets. New income sources addressed primarily relate to assets, such as income from retirement and pensions plans.

    - Module 4 builds on the previous 3 modules and covers some material that is particularly challenging. Learner should not attempt this module without completing Modules 1-3.

    - The topic of assets is one of the most difficult and challenging aspects of assisted housing rent calculations. There are many different types of assets to understand and owners have limited opportunities to work with many of them. Given the broad nature of this topic, training on assets has been split between Module 4 and Module 5. Module 4 discussions should be confined only to those assets discussed in Module 4.

    - Although HUD's policies concerning the treatment of assets is reasonably clear, understanding exactly how a particular type of asset works may be required in order to know how to apply HUD's policies. Some assets are relatively familiar and straightforward – e.g., checking and savings accounts. Other assets – e.g., annuities, insurance policies, retirement plans – are more complex and may be less familiar to some participants. While the training materials offer a brief overview of each type of asset discussed, more research may be needed by a learner when encountering a specific asset type.

- In this section we will summarize the key issues in Module 4, recap each of the Module 4 case studies and offer tips for each, and offer additional practice questions and answers.

Notes

Module 4 Issues

- Module 4 addresses identification of income received in *periodic payments* that must be included in the calculation of annual income, including lump sum *payments for the delayed start of a periodic payment.*

- Module 4 addresses the types of assets that are included and excluded from rent calculations and determine their *cash value* and the *amount of income from those assets.*

- Module 4 addresses whether a family is eligible for the *elderly/disabled household, medical expenses and disability assistance expense deductions.*

- Module 4 addresses which *medical expenses* can be considered and calculate the amount to be deducted from annual income

- Module 4 addresses which *disability assistance expenses* can be considered and calculate the amount to be deducted from annual income.

The Module 4 Case Studies

• *Case Study 1: Introducing the Winchesters*, gives participants their first opportunity to apply rules related to assets and income from assets, specifically on the treatment of retirement assets for non-retired individuals. The Winchester family introduced in Case Study 1 (and revisited in Case Study 3) is a non-elderly/disabled family. The case study contains 10 questions related to the family's annual and adjusted income. Learners are asked to analyze third-party verifications included in the materials and to determine what asset and income would be counted or excluded.

- Case Study 1 is designed to introduce and refresh participants on two topics: absent family members (discussed briefly in Module 1) and periodic payments as income (discussed in Module 2). It also introduces for the first time the subject of assets and income from assets.

- With new learners it may be helpful to break down Case Study 1 in three parts as follows:

    • Complete questions 1-3 that are all related to earned income; stop and check answers.

    • Complete questions 4-9 that are all related to retirement assets and income; stop and check answers.

    • Complete the income and asset calculation.

Notes

- *Case Study 2: The Blockwoods*, introduces the Blockwood family. Participants are asked to develop the questions that need to be included on third-party verification forms for checking and savings accounts, as well as pensions, and to evaluate for adequacy a third-party verification submitted for medical expenses. Participants also must determine which medical expenses are eligible and complete a full income and rent determination calculation for the Blockwoods.

  - Case Study 2 permits participants to practice applying HUD rules related to the two deductions that are limited to households in which the head, spouse or co-head must be at least 62 or a person with disabilities:
  (1) the elderly/disabled family deduction and
  (2) medical expense deduction.

  - In the material leading up to Case Study 2, the elderly/disabled household deduction is fairly simple and straightforward and could be covered quickly. The priority learning opportunity in this part is to ensure that participants understand that the presence of an elderly person or a person with disabilities in the family does not automatically qualify the family as an elderly or disabled family. In order to qualify as an elderly/disabled family, the head, spouse or co-head must be the elderly person or a person with disabilities.

  - Materials in Part V describe four different types of medical expense that may be considered:
  (1) ongoing expenses,
  (2) new anticipated expenses,
  (3) payments on medical bills, and
  (4) one-time paid expenses.
  One-time paid medical expenses represent a change in policy issued with REV-1 of Handbook 4350.3 REV-1. Understanding these four categories is a high-priority for Part V.

Notes

- Learners need to carefully review the list of items HUD has said are not medical expenses. Learners should realize that significant owner judgment is required with respect to anticipating these expenses over the coming year.

- An important exercise in Case Study 2 is for participants to think-through the questions that should be on third-party verification forms for bank accounts and pensions, and to create these questions. The case study also asks the participant to evaluate the adequacy of a letter received from the hospital regarding an outstanding medical bill. The critical element in these exercises is to understand the importance of asking the right questions and gathering the right information for accurate third-party determination of medical expenses.

- *Case Study 3: The Winchesters – Medical and Disability Assistance Expenses,* returns to the Winchester family and enables participants to practice correctly determining eligible disability assistance expenses and conducting the special calculation required when a family has both medical and disability assistance expenses. Case Study 3 also requires the participant to prepare a complete rent calculation.

  - Case Study 3 is actually a summary case study for the entire module, using elements of each topic covered in Module 4. Learners must deal with all aspects of an income and rent determination including earned and other income, dependent and child care deductions, elderly/disabled household deduction, medical expenses and disability assistance.

  - There are many similarities between medical expenses (addressed in Part V) and disability assistance expenses (addressed in Part VI). Part VI refers the participant back to Part V for some tips and examples regarding verification of expenses.

- Learners should understand the distinction between qualification for medical expenses and qualification for disability assistance expenses. Qualification for medical expenses requires that the head, spouse or co-head be an elderly person or a person with disabilities. Qualification for disability assistance expenses requires that any family member be a person with disabilities and that someone in the family be enabled to work as a result of the disability assistance expenses.

- The most challenging part of the case study for learners will likely be the classification of expenses and the special calculation of medical and disability assistance expenses. In particular, learners should understand that a family could qualify for a deduction for both types of expenses, and that some expenses could be classified as both medical and disability assistance. How these expenses are classified can have an impact on the family's adjusted income and rent.

- A special calculation is required when a family has both medical expenses and disability assistance expenses. This special calculation is described here in Part VI, and the calculation worksheets used throughout the case studies "walk" the learner through this calculation.

- Perhaps the most common disability assistance expense is the presence of a "care attendant," though expenses may also include equipment, vehicle modifications, among others. The key issue for disability assistance expenses is that the expenses must be directly related to enabling someone in the family (which could include the disabled individual) to actually work.

- There are similarities between the use of a care attendant for a disabled individual and the use of a child care provider for child care. In some cases, a care attendant could perform both duties in a household. However, learners must understand the different requirements for qualifying an expense as a child care expense vs. a disability assistance expense. The case study illustrates this distinction.

Notes

- *Case Study 4: Advanced Topics*, is actually a series of three separate, "mini" case studies which offer additional opportunity to practice and to "think through" the issues already covered in Module 4. Case Study 4 revisits various aspects of assets, medical expenses and disability assistance expenses, and offering illustrations of more complex calculations and applications of policy.

  - Case Study 4A offers additional practice with understanding and calculating the value of and income from retirement plans. In addition, Case Study 4A offers an example of the unique situation of a family member permanently confined to a nursing home, and receiving long-term care insurance payments to reimburse the costs of care. Learners need to understand the limit on the amount of daily long-term care insurance payments that can be disregarded as income ($180). In addition, learners see an example of calculation of medical expenses in such a situation.

  - Case Study 4B offers additional practice with a number of asset types. These assets include life insurance policies, annuities and mutual funds. Learners will see an additional illustration of the principles of "market value", "cash value", and computation of actual income from an asset. In addition, the case study reinforces the concept of counting disbursements from an asset as income only after the individual has recaptured the amount originally invested.

  - Case Study 4C focuses on the relationship between medical expenses and disability assistance expenses for a family that qualifies for both types of deductions. In Case Study 4C, learners are able to see how classifying an expense as either a medical expense or a disability assistance expense can have a significant impact on the family's income and rent calculation.

NEW MODULE 4 PRACTICE QUESTIONS

Following are four new practice questions, illustrating basic content from Module 4. Answers to these questions are found in the attachment at the end of this module.

1. Linda has a non-interest-bearing checking account with an average 6-month balance of $1,100.
    -   Linda has a mutual fund in the amount of $3,000. The fund paid no dividends last year and is not expected to pay any dividends this year. There is no fee for liquidating the value of the mutual fund.
    -   She also has a certificate of deposit (CD) worth $5,500. The CD is currently paying annual interest at 3.0%. The penalty for early withdrawal of the money from the CD is the equivalent of 6 months of interest.
•   Calculate the following:
    a. Cash Value of Total Assets:

    b. Asset Income for the coming year.

2. From the following list, indicate which expenses items may and may not be included in the medical expense deduction:

Yes/No	
	Fees paid to a dentist for braces
	Over-the-counter multi-vitamins
	Expenses paid to a Health Maintenance Organization (HMO)
	Premiums paid on a long-term care insurance policy that pays annual dividends directly to the policy-holder
	Food and veterinary care for an assistance animal
	Payments on an outstanding medical bill incurred two years ago
	Medical care of a permanently institutionalized family member, where the family member's income is no longer counted in the family's annual income.
	A one-time medical expense that was paid in-full in the past year, but not reported by the family and no interim recertification conducted.
	Hair transplants not related to a congenital abnormality, personal injury related to accident or trauma, or disfiguring disease.

3. Joe and Mary have a combined annual income of $25,000. Mary is a disabled person. However, with the leasing of special computer equipment and high-speed internet connection ($1,000 annual cost), and the assistance of a care attendant ($7,000/year), she is able to do some work at home. Her total annual income is $6,000. Joe and Mary also incur $4,500/year in unreimbursed medical expenses.

   a. Calculate Joe and Mary's total Medical/Disability Assistance Expense deduction for the year, counting the equipment and care attendant as disability assistance expenses.

      b.   Calculate Joe and Mary's total Medical/Disability Assistance Expense deduction for the year, counting the care attendant as a medical expense.

4.   Andrea purchased an annuity 10 years ago for $10,000. The annuity has appreciated over time to $14,250. Andrea could elect to "cash out" the annuity, but would have to pay administrative fees and penalties totaling $750. Andrea also has a permanent life insurance policy with a face value of $95,000. The current surrender value of the policy is $37,000. Andrea has borrowed $10,000 against this policy, using the surrender value as security. She still owes $7,500 on this loan. Andrea also has a savings account with a current balance of $1,240, and an average 6-month balance of $1,350.

•   What is the cash value of Andrea's assets?

PART IX   MODULE 5

Introduction

- Module 5 is perhaps the most challenging of the six RHIIP training modules. Module 5 expands the concept of assets and asset income into the areas of real estate and trusts. In addition, module 5 introduces the concept of business income, business expenses and inclusion of business income in annual income. Module 5 also revisits the issue of assets disposed of for less than fair market value, as well as addressing exclusions from income based on the Earned Income Tax Credit (EITC).

  - Module 5 continues the discussion of assets begun in Module 4, focusing on two of the more complex asset and income issues: real estate owned by family members, and trusts as assets. Module 5 also revisits the issue of assets disposed of for less than fair market value, with additional examples and exercises.

  - Module 5 addresses the challenging areas of self-employment and businesses owned by family members, the income generated by businesses and how business income is calculated for purposes of annual income. Module 5 also includes a discussion of the earned income tax credit exclusion from income, with case study examples.

  - Principles of income and rent calculation discussed in earlier modules are reinforced throughout Module 5, with case studies and examples affording learners the opportunity to continue to practice and apply their understanding of business income, real estate and trusts to specific real-world situations and families.

  - Through the case studies, learners apply the rules on income and assets to families and circumstances that are more complex, requiring the learner to interpret information and documentation, and to use their understanding of the rules to make informed judgments and decisions.

Notes

Module 5 Issues

- Module 5 addresses the various elements of business income and business expenses, as well as net business income and the calculation of business income to be included in annual income.

- Module 5 addresses determination of the value of real estate as an asset, including the value of real estate sold by a family member through a mortgage or deed of trust, and the calculation of the income to be included in annual income related to the real estate.

- Module 5 addresses the principles of trusts, as well as the distinctions between revocable and nonrevocable trusts.

- Module 5 addresses whether the value of a trust should be included as a family asset and what income from the trust should be included in annual income.

- Module 5 addresses assets disposed of for less than fair market value and how such assets are counted in net family assets.

- Module 5 addresses earned income tax credits (an exclusion from annual income).

Notes

The Module 5 Case Studies

- *Case Study 1: The Curly-Q Salon*, provides financial information about the Curly Q Salon, a tenant-owned business. The ultimate goal of the case study is to determine the income from the business that should be included in the family's annual income. To accomplish this the case study requires learners to reconcile the prior year's income and expenses as shown on the financial statement and IRS 1040 Schedule C, determine the principal and interest to be paid on a business loan during the coming recertification period using a loan amortization schedule, and compare prior year income expenses to partial current year expenses to anticipate future income and expenses.

    - The determination of business income is one of the most challenging rent calculation tasks because of the variety of business encountered. In addition, family businesses are infrequently encountered in assisted housing, leading to basic unfamiliarity with the principles and concepts. Trainers should be well versed in the concepts explained in the manual and in Handbook 4350.3 REV-1 and should expect that learners will raise questions about additional types of businesses.

    - Since detailed training on this topic is rare, sufficient time should be allowed to enable learners to walk through the manual in detail. Numerous examples are provided in the manual before the case study. Each should be reviewed in detail.

    - Learners are likely to have the most difficulty with two topics: (1) the treatment of loans and (2) depreciation of assets.

Notes

- Case Study 1 requires in-depth analysis of detailed financial information. Although the instructions lead learners through the necessary analysis, trainers should stop at key points to confirm that most learners are on the right track to avoid frustration and confusion. The following flow is recommended.

  • Review the background information with learners and identify each of the four documents provided and their purpose. Review the documents and answer Questions 1 and 2. Check answers before proceeding.

  • Answer Questions 3 and 4. Check answers before proceeding.

  • Review the additional background information provided as the introduction to Question 5. Answer Questions 5 and 6. Check answers before proceeding.

  • Answer Question 7. Check answers.

- Because learners must review multiple pieces of paper to collect information, less experienced learners may need assistance. In a classroom situation that includes a significant number of participants with little experience, consider having participants work in teams.

- Keep in mind that the ultimate objective is not to become expert in the details of business finance. The goal is to ensure an understanding of the basic principles of business income and business expenses, recognize these principles at work in business documentation, and make reasonable judgments and assessments of net business income to include in annual income.

Notes

- *Case Study 2: The Barkers*, offers a scenario whereby a family member, Robert Barker, co-owns real estate with others outside the family. The case study asks learners to determine the value of a property that Robert and his three brothers have inherited from their mother. It also requires participants to analyze expenses to determine the net income that must be included in annual income.

  - Already verified information about family composition, income from other sources and deductions from income are provided. Participants are asked only to review documents related to the real estate including:

    - Property tax assessment
    - Water/sewer assessment
    - An income and expense report and a receipt for some expenses

  - Questions 1-4 relate to valuing the real estate; questions 5-7 relate to determining net income.

  - Participants are asked to complete a full HUD-50059 income and rent calculation using the information provided.

  - Remember that the policies illustrated in the case study apply when the family member is not engaged in real estate as a profession.

  - As with case study 1, a staged approach to the case study is recommended. Learners should stop after question 4, review the answers, then proceed to the next block of questions.

  - Because learners must review multiple pieces of paper to collect information, less experienced learners may need assistance. In a classroom situation that includes a significant number of participants with little experience, consider having participants work in teams.

Notes

- Again, similar to case study 1, the objective here is not real estate training, per se. Learners must gain an understanding of the basic principles of real estate ownership, income and expenses, must be able to recognize these principles at work when they see them in documentation, and must be able to make reasonable judgments and assessments of the value of real estate as an asset to the family, as well as any net real estate income to include in annual income.

- The materials leading up to Case Study 2 discuss several key concepts related to income from real estate, including how to determine the market and the cash value of the asset, counting the net (rather than gross) income related to the real estate, and treatment of real estate that is owned jointly by assisted and non-assisted persons.

Notes

- *Case Study 3* is actually two separate, "mini" case studies addressing the treatment of revocable and nonrevocable trusts, both in terms of trusts as assets and income from trusts.

  - The two family situations should be addressed separately.

  - Case Study 3A: A Generous Grandmother, involves the disposition of real estate and the establishment of a nonrevocable trust. Learners are required to complete a full HUD-50059 income and rent calculation.

  - For Case Study 3A, note that although the trust itself is nonrevocable, the grantor (Wilma) continues to receive monthly income from the trust estimated at $200 per month. This is a situation where the trust grantor, Wilma, is a part of the same assisted household as the trust grantee, Eileen. When addressing assets and income for the family, the trust must be addressed both from the perspective of the grantor and the grantee.

  - Case Study 3B: A Cautious Arrangement, involves the disposition of financial investments and the establishment of a revocable trust.

  - For Case Study 3B, note that two children in the scenario are minors. Question no. 3.b. asks the learner to determine how the trust income might be different once the two minor family members reach age 21 and age 22. However, the rent calculation should be completed using the original scenario that the children are minors.

  - Because learners must review multiple pieces of paper to collect information, less experienced participants may need assistance. In a classroom situation that includes a significant number of participants with little experience, consider having participants work in teams.

Notes

- As with the earlier case studies, keep in mind the primary objective of the case study exercises. Learners must understand basic principles of trusts, both from the perspective of family member as grantor and family member as trustee. In addition, learners must understand how to recognize relevant trust information in documentation, and to make informed judgments on the value of trusts as assets, as well as income from trusts.

- The materials leading up to Case Study 3 discuss several key concepts related to trusts, including parties related to trusts (grantors, beneficiaries and trustees), differences between how revocable and nonrevocable trusts are handled, and assets disposed of for less than fair market value.

- *Case Study 4* is actually three separate, "mini" case studies addressing joint ownership of a business with someone outside the assisted family, calculating self-employment income when a family member does not take a regular salary from the business, and earned income tax credits (EITC).

  - Case Study 4A: The Curly Q Salon – Under New Management revisits the Curly Q Salon from case study 1. In this case study, ownership of the business is shared by a tenant and an unassisted individual outside the family.

  - Learners may need a brief review of the basic circumstances of the Curly Q salon from Case Study 1, before proceeding with Case Study 4A. In addition, Case Study 4A adds a wrinkle to the Case Study 1 scenario, but primarily relies on the Case Study 1 conclusions as a starting point. So, learners should understand and agree with the results and amounts from Case Study 1.

Notes

- Case Study 4B: A Clean Business offers another small business example, this one with both the owner and the only employee as members of the same assisted family.

- Because Case Study 1 is a fairly detailed look at business income and expenses, Case Study 4B does not revisit all of these issues again. The case study illustrates that salaries and profits taken from the business are expenses to the business and may reduce gross business income, on the one hand, but are also counted as annual income to the family members drawing the salary or taking the profits, on the other hand.

- Case Study 4C: Earned Income Tax Credit (EITC) offers a scenario where the assisted individual is receiving and has received EITC.

- Case Study 4C offers two different variations on EITC – both from the perspective of EITC payments received as a separate refund payment, after filing of taxes, and from the perspective of EITC received as regular advanced "payments", by reducing the regular withholdings from an individual's earned pay, in the amount of the EITC. Learners should understand the latter point about EITC payments – they may be easily missed when they are provided as a reduction of regular withholdings and may lead to inadvertent over-counting of an individual's gross income.

- The materials leading up to Case Study 4 discuss two key income and rent issues not covered elsewhere in the module: mortgages and deeds of trust held by family members, and earned income tax credits (EITC) received by certain categories of working family members.

NEW MODULE 5 PRACTICE QUESTIONS

Following are four new practice questions, illustrating basic content from Module 5. Answers to these questions are found in the attachment at the end of this module.

1. Which of the following are true regarding Earned Income Tax Credit (EITC)?

Yes/No	
	EITC received as a periodic payment must be subtracted from gross income in order to determine net income.
	EITC is counted as income, but is excluded as income for certain qualified individuals.
	EITC received as a periodic payment is counted as income. However, if the EITC were received as a lump-sum, it would not be counted.
	EITC is excluded from income under all circumstances.
	EITC is a deduction from Annual Income when determining Adjusted Income.

2. LaVerne (assisted tenant) and her two brothers (not assisted family members) have equal ownership in the house their mother left to them. Her mother owned it outright, so there is no mortgage. The home has a market value of $40,000, but needs a lot of work before it could be rented out. The siblings don't have the money to fix it up, so for the moment it is standing vacant.

    LaVerne and her brothers must pay taxes of $750 annually. They also pay $600 annually to a maintenance company to mow the grass and shovel the walks in winter.

    If they were to sell the house, the broker fees would be around $2,400, and settlement costs around $3,000.
    * What is the Cash Value of the house? If this were LaVerne's only asset, what asset income would you count for her for the coming recertification year?

3. Jeff operates a small lawn care business. During the spring, summer and fall, he mows and trims lawns and rakes leaves. During the winter, he shovels snow. Jeff employs his friend Mike to help him. Jeff put in about $700 of his own money to get the business going a couple of years ago.

    Based on Jeff's records, the gross income from the business last year was $25,000, with business expenses of around $6,500. Jeff expects those numbers to be the same this year. Jeff pays Mike an hourly wage of $5.25/hour, and Mike works an average of 40 hours a week throughout the year.

    Over the past 2 years, Jeff has taken no profits from the business. However, in the coming year, Jeff intends to take out $7,000 in profits as the year goes along.

    • What is the net anticipated income for this business for the coming year? Assuming no other income for Jeff, what is Jeff's annual income?

4.   Under what circumstances is a trust counted as an asset? Under what circumstances is a trust not counted as an asset?

PART X   QUALITY CONTROL IN INCOME AND RENT DETERMINATION

Introduction

- This section provides guidance on developing strategies and approaches to quality control.

- Quality control is an important tool used for:

  - *Error prevention* – to prevent damaging or unrecoverable errors.

  - *Compliance documentation* – to document compliance with program requirements and other laws and regulations.

  - *Performance documentation* – to demonstrate performance and show improvement in program operations over time.

- A good quality control system will ensure that daily decisions about tenant eligibility, income and rent conform to program requirements and are based on accurate information.

- Information obtained during quality control reviews should not only identify individual errors but it should also be collected on an aggregate basis so that the owner can determine error rates by category and the extent and causes of errors.

  - This level of detail allows the owner to initiate actions necessary to prevent the recurrence of problems identified.

Notes

- A good quality control system also contains procedures for taking corrective action on errors or omissions identified.

- An effective quality control program enables owners and managers to be proactive, rather than reactive.

- Through quality control an owner can identify areas of deficiency and take steps toward improvement.

- A good quality control system is implemented regularly. Depending upon the number of units managed, general program performance, and staff capabilities and experience, quality control may occur weekly, monthly quarterly, or on some other schedule.

- There are three types of quality control:

    - Preventive quality control stops mistakes before they happen.

    - Periodic quality control is a basic checkup on an organization's performance, policies, and procedures that take place periodically (often annually).

    - Continuous quality control is the process of regularly collecting and analyzing information about key transactions.

- A sound quality control program includes elements of each type.

Notes

Preventive Quality Control

- The purpose of preventive quality control is to prevent a mistake or error from happening in the first place.

  - The level of preventive quality control that can be done is generally limited by resources. Owners do not have the time or staffing to double-check every aspect of every transaction.

- For this reason, preventive quality control is used when:

  - The consequences and impact of making an error is very high.

  - An error is not recoverable (i.e., once made the damage is done).

Periodic Quality Control

- Periodic quality control is a picture-in-time assessment of policies, procedures, and practices, as well as individual tenant files.

- Reviews such as a HUD monitoring review or an independent audit are good examples of periodic quality control.

- Periodic quality control may be an accurate picture-in-time assessment, but it doesn't help an owner see trends over time or take corrective actions during the year.

- A periodic review requires a significant investment of staff time and energy at a single point in time.

Continuous Quality Control

- Continuous quality control involves choosing a limited number of areas for regular analysis (weekly, monthly, quarterly).

- Continuous quality control enables owners to:

  - Monitor and responds to issues on a continuing basis, not just in response to a point-in-time review.

  - Look at trends and focus immediately on the most vulnerable areas.

- To remain manageable, continuous quality control can track only a limited number of issues.

- A few indicators viewed on a continuous basis can provide powerful feedback. However, continuous quality control should be supplemented with periodic quality control to provide a broader view of more transaction types, household circumstances, and income and rent situations.

Notes

Designing a Quality Control Program

- An effective quality control program begins by asking three questions:

  1. What are the desired outcomes?

  2. What would success for each outcome look like?

  3. What are the possible ways to confirm (measure) performance in this area?

- Based on the answers to these questions, you also determine how results will be documented and reported.

- **Desired outcomes** could be expressed in a variety of ways from very **general** to very **specific**.

- General outcomes could include:

  - Consistency in data collection, documentation, and reporting.

  - Complete and accurate verifications.

  - Accuracy in income and rent calculations.

  - Timeliness in completing initial, interim, and annual recertifications.

  - Correct utility allowances.

  - Complete, accurate reporting.

- Outcomes could also be very specific, such as reducing the rent calculation error rate by a specified percentage.

  - The more specific the desired outcome the easier it is to develop a quality control measurement process.

Notes

- Here's a simple example of designing a quality control approach to achieving a desired outcome.

  Desired outcome?

  - A complete and accurate verification process.

  What would success look like?

  - All required information would be verified using the correct forms.

  - The highest possible form of third-party verification would consistently be used.

  - Where the highest form of verification is not used, an explanation would be in the file.

  How to measure?

  - Review a sampling of completed tenant files (in advance or after-the-fact).

  - Re-verify a sampling of information that has been collected with the original sources (in advance or after the fact)

  Selected QC Approach:

  - Review a sample of completed tenant files that includes a representative sample of files for each person who does verifications, and for each type of transaction. Smaller sample reviewed once each month (continuous QC) and a larger sample reviewed annually (periodic QC).

- This process of identifying desired outcomes and asking basic questions about successful performance in that area, as well as measurement of performance, should be repeated for every outcome that merits quality control attention.

- Once the issues and appropriate actions and measures have been identified, the next step is organizing efforts into a quality control plan.

Notes

- The plan is developed based upon:

    - Initial analysis of outcomes and possible measures

    - Resources available to conduct quality control

    - Priorities for quality control

- The actual format and structure of the plan is not as important as the decisions made and the implementation of the plan.

    - The process must be "thought through" before beginning data collection or analysis.

    - Elements that have the most impact on error reduction and program quality should be the first candidate for quality control efforts.

    - Data collection plans need to be realistic.

- Here's a sample format for a simple quality control plan. The QC activities, in this instance, are conducting tenant file reviews, reviewing policies and reviewing forms.

Sample QC Plan Format

QC Action	Frequency			Comments	Results
	Monthly	**Quarterly**	**Annual**		
Review sample of tenant files using file review protocol	(a)		(b)	(a) Review 10 files each month for each individual responsible for tenant file processing. Identify number and type of errors. (b) Annually review a targeted sample of 50-75 tenant files for all types of income and rent situations. Identify number and type of errors.	(a) Develop monthly reports on file review results, both individual errors and aggregate. Discuss with staff. (b) Post annual aggregate report on file errors and error trends. Discuss with staff.
Review policies			(c)	(c) Review policies for continued compliance with program requirements.	(c) Modify as appropriate
Review forms and worksheets			(d)	(d) Review forms and worksheets for continued compliance with program requirements.	(d) Modify as appropriate

Notes

- Tenant file reviews are probably the most common QC activity and measurement method for several different types of desired outcomes.

  - Conducting effective file reviews will require a file review protocol (e.g., checklist, guidance document, worksheets) to structure the file review and document the results.

  - This file review protocol should be detailed enough to address all of the relevant questions you want to ask about an issue, and comprehensive enough to address multiple issues in the same file review sample.

  - File samples for continuous QC reviews are limited, focusing on key transactions and staff performance.

  - File samples for periodic reviews should be more comprehensive and include as many different types of transactions as possible.

- In addition to identifying individual tenant file errors, examining performance and production over time (trends) can provide important insights that lead to error reduction. Looking at performance over time can also provide data for benchmarking—the process of establishing performance standards.

- Generally tracking is valuable to look for variations in:

  - How often things happen (certain transactions)

  - How long things take (timeliness)

  - Whether improvement is being made (error rates)

- Tracking data, information and trends can raise flags but it may not answer the question of "why" the errors were made.

Notes

Summary

- A good quality control system should:

    - Be comprehensive but not burdensome

    - Cover key performance areas

    - Fairly and accurately measure performance

    - Be used to continually reduce errors and improve program operations

    - Give feedback to staff

- In the beginning, a quality control program will most certainly identify problems. No organization is perfect.

- However, a good quality control program will provide indicators of the path to corrective action. In the next part of Module 6 – Problem Solving and Error Reduction – we address the question of addressing the problems and errors we find through quality control.

PART XI   PROBLEM SOLVING AND ERROR REDUCTION STRATEGIES IN INCOME AND RENT DETERMINATION

Introduction

- In this part, we address strategies for:

  - Identifying causes of income and rent errors

  - Developing effective solutions for correcting and preventing errors

- This part also introduces a process of error reduction that requires the development of two related strategies:

  - A problem analysis strategy

  - A response strategy

- Problem analysis is the first strategy in the process of error reduction and consists of three steps:

  1. Clarify the area of concern.

  2. Understand what really happened.

  3. Identify the reasons for the errors.

- Response is the second strategy in the process of error reduction and consists of two steps:

  1. Find appropriate solutions.

  2. Develop an implementation plan.

Notes

Problem Analysis

Problem Analysis Step 1 – Clarify the Area of Concern

- When attempting to clarify a problem, focus on one issue (e.g., medical expenses or child care expenses) at a time.

- Use as many sources of information about the issue as possible, for example:

  - HUD review findings

  - Independent public accountant (IPA) findings

  - Quality control (QC) results (continuous or periodic)

  - Complaints (external or internal)

- Think about the nature of the errors. What requirements were violated? What makes this issue an error? Is it clear how this issue should have been handled? To determine this, review:

  - Program requirements

  - HUD and owner policies and procedures

  - Forms, checklists, and other tools

- Here's a simple example of clarifying the area of concern for errors in calculating child care expenses:

Notes

Example of Problem Analysis Step 1

Child Care Expenses **Step 1: Clarify the Area of Concern**

- Issue: Files had numerous errors in calculating the child care expense deduction from annual income, including the following:
  - Policy requires staff to use the earned income of the lowest-paid family member or explain why this was not done. Expenses greater than the income earned by the lowest-paid family member were allowed without explanation.
  - Staff did not consider the possibility that child care costs may have been reimbursed from other sources.
  - Third-party verifications were missing with no explanation.
  - Documentation of the reasonableness of the child care costs was not provided.
  - Ineligible expenses were included in the child care expense deduction.
- Requirements and guidance were found in the following documents:
  - 24 CFR 5.603 and 5.611
  - Owner policies
  - Interview form
  - Third-party verification form

Problem Analysis Step 2 – Understand What Really Happened

- To understand the underlying problem, first get a clear picture of what was actually going on when the errors were made.

  - Who made the errors (everyone, several people, one person)?

  - How frequently were the errors made (consistently, rarely)?

  - What kinds of errors were made (a particular type of error or random mistakes)?

  - Did special situations cause errors (issues generally handled correctly, but one type causing errors)?

Notes

- Don't jump to conclusions. Don't try to "solve" the problem before you truly understand the problem. Keep an open mind throughout the process to make sure you understand the real issues.

  - The purpose at this stage is to simply understand the facts.

- There are several ways to get answers about what was actually done.

  - Review a targeted sample of additional files:

    - Files processed by different specialists
    - Enough files to determine whether the problem arises regularly
    - Enough files to enable you to pick up on patterns of errors
    - More cases with particular characteristics that seem to be generating errors

  - Talk to people, both individually and as a group. Get diverse perspectives.

    - For efficiency, talk to as few people as necessary. For thoroughness, talk to enough people to get a full range of perspectives.
    - As a rule of thumb, stop when the information becomes repetitive.

  - The way people are asked about their experiences can make an enormous difference in the responses they give. Consider asking probing questions like the following

    - Can you walk me through the process?
    - What is the hardest/most confusing part of doing this?
    - What do you do if you have questions?
    - What would help you do this more easily/more accurately?

- Returning to our Child Care Expenses situation, here's a simple example of understanding what really happened.

Notes

Example of Problem Analysis Step 2

Child Care Expenses **Step 2: Understanding What Really Happened**

- Expenses greater than income of lowest-paid family member
  - Policy says when more than one family member works, use the income of the "lowest paid individual" as the limit to the deduction. Staff automatically used the spouse's income without considering the actual incomes of the head and spouse and the family member who actually was enabled to work.
- Reimbursement of child care from other sources
  - Staff forgot to ask if families received reimbursement for child care expenses.
- Missing third-party verifications
  - Staff knows that third-party providers, especially small providers, often don't cooperate. Consequently, they move too quickly to accepting other forms of verification, including sometimes allowing families to hand-carry third-party forms.
- Missing documentation of reasonableness
  - Staff are confused: if they are not allowed to determine what kind of child care is appropriate, how can they decide what is a "reasonable" cost?
- Ineligible expenses allowed for a 15-year-old with a handicap
  - The staff member knows the rule. A review of other of her cases found no other errors. May simply be human error.

Notes

Problem Analysis Step 3 – Identify the Reasons for the Errors

- After reflecting on what you've learned from clarifying the problem and understanding what really happened, you will have some ideas about the underlying reasons that errors were made.

    - Often, the stated reasons do not get down to the root cause of the problem.

- The key at this stage of problem analysis is to dig below what happened to identify the underlying reasons why the errors were made.

    - For example, if staff made errors because they didn't know what was required, the underlying question is – why didn't they know?

    - For example, if staff didn't have a way to do the job better, the underlying question is – why didn't they have the tools they needed?

- The chart that follows provides some examples of commonly stated reasons for errors and some of the possible root causes that might explain the reasons.

Notes

Example of Analysis of Errors and Root Causes

Child Care Expenses What Really Happened vs. Possible Root Causes	
Stated Reason for Error	**Possible Root Causes**
Staff didn't know what was required.	• Unclear policies and procedures • Lack of knowledge • Inadequate supervision • Inadequate training
Staff didn't know how.	• Lack of knowledge and training • Lack of skill or ability • Lack of clear procedures • Inadequate supervision
Staff couldn't do it better given our situation.	• Inadequate infrastructure • Excessive workload
Staff didn't have a way to do it correctly.	• Lack of forms or other tools • Lack of computer capacity
This is the way we've always done it.	• Organizational culture • Inadequate supervision • Lack of clear procedures
Staff either didn't know why to do it or didn't believe it was important.	• Organizational culture • Inadequate supervision

Notes

- Following is a listing of common sources of error that may point to underlying root causes:

  - Written tools. Are forms, checklists, interview scripts, form letters, record-keeping formats, etc., simple to use and readily available to staff?

  - Computerized aids. Is computer equipment adequate; does vendor software follow HUD rules?

  - Communication. Is staff kept up-to-date on program rules and given appropriate explanations?

  - Staff capacity. Does staff have the required training, knowledge, skills and abilities, attitude?

  - Facilities. Are there adequate meeting rooms, fax machines, supplies?

  - Supervision. Do supervisors correct ongoing problems and give staff good guidance?

  - Organizational culture. Are there unintended incentives or attitudes within the organization that encourage incorrect behavior?

  - Policies and procedures. Are policies and procedures up-to-date, clear, and complete?

- Returning to our Child Care Expenses situation, here's a simple example of identifying underlying reasons.

Example of Problem Analysis Step 3

Child Care Expenses Step 3: Identify the Reasons for Errors		
Problem	**Stated Reason for Error**	**Possible Root Causes**
Capping deduction	Staff are confused about whose income to use.	Staff (particularly newer staff), do not have the necessary knowledge and skills to make this decision.
Reimbursement of expenses	Staff forget to ask about reimbursement for child care expenses because it is rare.	Interview form does not specifically ask about reimbursement for child care expenses.
Missing third-party verifications	Child care providers usually don't respond to requests for verification. Staff get third-party documentation when it is easy and realistic to do so, but they consider it a waste of time to go after third-party documentation when the family can provide less-good but readily available documentation.	Third-party verification form may be inappropriate for smaller providers. No form exists for documenting reasons for accepting other types of verification. Efficiency is valued over the letter of the law.
Assessing reasonableness	Staff are confused about how to decide what constitutes a "reasonable" expense since selection of care is up to the family.	Staff (particularly newer staff), do not have the necessary knowledge and skills to make this decision.
Unallowable expenses	Counting handicap expense for 15-year-old as child care was an isolated incident.	Human error, lack of attention to detail

Notes

Developing a Response Strategy

- Problem analysis should give a complete and accurate picture of the problem. Specifically, for each problem area, problem analysis should show:

  - The area of concern, including the issue and all relevant requirements.

  - What actually happened, including the frequency of errors, types of errors, and any identifiable patterns to the errors.

  - The underlying reasons the errors occurred, including both apparent causes and root causes.

- The next step in the process is to develop a strategy to respond to the problem.

Response Strategy Step 1 – Find Appropriate Solutions

- In the same way that one should not jump to conclusions about the nature of a problem, one should also not jump too quickly to conclusions about the "right" solution to any given problem.

  - Often, individuals have personal preferences or biases about the best way to address a problem (e.g., one person might generally favor training while another might tend to favor improvements to policies).

  - In other situations, one might only know one approach to solving a problem (e.g., training as a solution to every problem).

  - It is important to think beyond personal preferences or single solutions and consider a wide array of possibilities.

Notes

- Consider the problem from a variety of perspectives.

  - Are all policies and procedures thorough and clear?

  - Are there reliable systems for communicating policies and procedures to all staff concerned?

  - Do staff have the required capacity, appropriate skill sets and actual knowledge, skills and abilities?

  - Is the necessary infrastructure in place (communication systems, computer aids, facilities, supervision, organizational culture)?

- Generally, it is not possible to address all problems identified simultaneously. In these situations, it can be helpful to think explicitly about working in a variety of time frames.

  - **Short-term.** Immediately fix errors in files identified during quality control, take easy steps to correct systems, and plan more complex steps.

  - **Medium-term.** Establish a plan for preventing future errors, implement more complex solutions, correct systemic errors in files not reviewed during quality control.

  - **Long-term.** Monitor improvements and follow through with quality control programs over the long term.

- It is not necessary to implement the ideal solution to a problem in order to make some improvement. Consider a quick fix, followed by a more long-term solution. Consider, too, the level of effort needed given the number and impact of errors.

- Returning to our Child Care Expenses situation, here's a simple example of finding appropriate solutions as part of a response strategy.

Example of Response Strategy Step 1

Child Care Expenses Step 1: Find Appropriate Solutions		
Problem	**Stated Reason for Error**	**Possible Solutions**
Capping deduction	• Staff (particularly newer staff), do not have the necessary knowledge and skills to make this decision.	• Develop case studies demonstrating appropriate capping. Discuss at staff meetings.
Reimbursement of expenses	• Interview form does not specifically ask about reimbursement for child care expenses.	• Add question(s) to interview and recertification forms.
Missing third-party verifications	• Third-party verification form may be inappropriate for smaller providers. • No form exists for documenting reasons for accepting other types of verification. • Efficiency is valued over the letter of the law.	• Review form to see if it can be simplified and modified. • Develop protocol for documenting acceptance of lesser forms of verification. • Remind staff of the importance of third-party verifications.
Assessing reasonableness	• Staff (particularly newer staff), do not have the necessary knowledge and skills to make this decision.	• Develop case studies demonstrating appropriate reasonableness assessment. Discuss at staff meetings.
Unallowable expenses	• Human error, lack of attention to detail	• Fix file and adjust rent. No other action required.

Notes

Response Strategy Step 2 – Develop an Implementation Plan

• Once problem analysis has been done for each problem area, and appropriate solutions identified, this is the point at which these solutions should be coordinated into an overall implementation plan. Unfortunately, this is also the point at which the process of solving the problems often breaks down.

• A well-designed implementation plan can ensure follow-through on problem resolution. Elements of an implementation plan:

  - *Identify key players.* Once it is clear what the solution strategies are, it is important to bring everyone concerned on board.

  - *Get detailed.* Break the solutions down into all of the component steps, with as much detail and specificity as possible. Think strategically about who is best suited to carry out each task.

  - *Assign responsibilities and deadlines.* Designate staff with appropriate skills and interests to "own" the solutions and to carry out each step in the plan. This includes implementation, timeframes, follow-up, evaluation and course correction.

  - *Remain flexible.* Communicate the plan to key players, and be ready to revise the plan as needed based on their suggestions.

Notes

- Issues to consider when developing a coordinated implementation plan:

  - Weigh priorities. All errors should ultimately be addressed. But if resources are too scarce to address all problems simultaneously, set priorities based on issues such as dollar value of the errors and frequency of occurrence.

  - Assess the resources required. Resources are always an issue. If it is not possible to address all problems at once because of resource issues, it will be necessary to look realistically at what is possible and develop a long-term plan for ultimately addressing all problems that have been identified.

  - Look for efficiencies. Sometimes two problems can be addressed jointly. For example, holding a single training to address two topics can eliminate the need to organize logistics for two training sessions.

  - Adjust time frames. Sometimes it will make sense to follow all the same steps identified for each problem individually, but the time frames for implementation may need to be extended. For example, if one individual is charged with making policy clarifications for two different areas, it may not be possible for both projects to go forward simultaneously.

- Returning to our Child Care Expenses situation, here's a simple example of developing an implementation plan as part of a response strategy.

Example of Response Strategy Step 2.

Child Care Expenses Step 2: Develop an Implementation Plan					
Solutions: Action Required	**Strategy: Who Needs to Do What?**	**Now**	**45days**	**6 mo.**	**> 6 mo.**
Remind staff to ask about capping deductions.	• Property manager issues policy memo to all staff.	X			
Develop case studies. Discuss at staff meetings.	• Property manager writes case studies and discusses with staff at staff meeting.		X		
Remind staff to ask about reimbursements.	• Property manager issues policy memo to all staff.	X			
Add reimbursement question to interview/recertification forms.	• Property manager revises forms and implements new forms.		X		
Review third-party verification form to see if it can be simplified.	• Occupancy specialists meet to discuss ways to simplify the verification form and, if possible, develop a simplified document.		X		
Develop protocol for documenting acceptance of lesser forms of verification.	• Occupancy specialists develop documentation protocol.		X		
Send memo to all staff about importance of third-party verifications.	• Property manager issues policy memo to all staff, explaining the changes.		X		

Notes

Error Reduction Summary

- The task of analyzing multiple problems can seem overwhelming.

  - Start with experience. Owners may already have important insights into the problems. Examine files and talk to staff to check ideas.

  - Break problems into manageable bites and take the problem step-by-step.

  - Focus on finding root causes – not simply "what happened" but "why it happened."

  - Think broadly about creative solutions.

- Resource limitations can force an owner to address issues in several stages. That's OK as long as there is a plan for seeing the solution through over the long-term.

- Get the quality control process and program going as soon as possible. QC will provide a steady flow of issues to address.

Module 6

Attachment

ATTACHMENT – NEW PRACTICE QUESTIONS AND ANSWERS

Module 1

1. Jerry is in for his annual reexamination. For six months out of the year (26 weeks), Jerry works construction. During this time he makes $14.50/hour for regular, full time work (40 hours/week). For overtime, Jerry receives time-and-a-half pay. During construction season, Jerry consistently works full-time and averages 15 hours/week in overtime. It is currently one month into the construction season.

    For the other six months of the year (26 weeks), Jerry draws unemployment compensation at $200/week.

•   Compute Jerry's annual income using

    a. Method 1, where Jerry would be able to ask for an interim reexamination
    b. Method 2, where Jerry would not be able to ask for an interim reexamination

---

Answer: Method 1: Using current circumstances and projecting ahead for 12 months

Jerry's overtime pay rate is $14.50/hour x 1.5 (time-and-a half) = $21.75/hour

   [$14.50/hour x 40 hours/week x 52 weeks] + [$21.75/hour x 15 hours/week x 52 weeks] = $30,160 + $16,965 = **$47,125**

Jerry is eligible to ask for an interim reexamination when construction season ends, to adjust his income down to the level of his off-season unemployment income.

Answer: Method 2: Using known circumstances for the entire 12 month period

Construction Season:

Jerry's overtime **pay rate is $14.50/hour x 1.5 (time-and-a half) = $21.75/hour**

[$14.50/hour x 40 hours/week x 26 weeks] + [$21.75/hour x 15 hours/week x 26 weeks] = $15,080 + $8,483 = $23,563

Off-Season

$200/week x 26 weeks = $5,200

Total Annual Income

   $23,563 + $5,200 = **$28,763**

Jerry is **not** eligible to ask for an interim reexamination when construction season ends, both his construction season income and his off-season unemployment income have already been taken into account when computing his total annual income.

Reference: 4350.3 REV-1, Ch. 5, Par. 5-5B.

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2. Calculate the Dependent Deduction for the following family:
    -   Jeff (age 45), Head of Household, Non-disabled, Employed
    -   ** Julie (age 42), Jeff's sister, Non-disabled Other Adult, Full-time Student
    -   ** Lisa (age 18), Jeff's daughter, Disabled, employed part-time, part-time student
    -   ** Keith (age 17), Jeff's son, employed part-time, not in school
    -   ** Vickie (age 10), Julie's daughter, in school
    -   John, (age 9), foster child, in school

Answer: $480 x 4 = **$1,920** Dependent Deduction
Explanation: As head of household, Jeff cannot be a dependent.   As a foster child, John is not a family member and cannot be a dependent.   Julie is not head of household or spouse. Nor has she been designated as co-head. As a full-time student over age 18, Julie qualifies as a dependent.   Lisa is over age 18 but is disabled, so qualifies as a dependent.   Both Keith and Vickie are under age 18, so qualify as dependents. It is irrelevant whether Keith is in school. It is irrelevant whether Vickie is Julie's daughter (rather than Jeff's), as long as she is considered a family member.
Reference: 4350.3 REV-1, Ch. 5, Par. 5-10A

3. Melissa pays $200/week to a local child care provider to care for her daughter Cynthia, age 4, while Melissa works in the morning and attends school in the afternoon (Monday through Friday only, year-round). While Melissa works only part-time, she is carrying a course load at school that is just large enough for full-time student status.

    Assume that the child care rate is reasonable, in this instance.

    Melissa drops Cynthia off at the child care provider at 7:00 AM and starts work at 7:30 AM. Melissa leaves work at 11:30 AM and starts school at 12:00 PM. Melissa leaves school at 4:00 PM and picks up Melissa at 4:30 PM.

    Melissa makes $4.55/hour at her part-time job.

    a. How would you calculate the annual amount of the child care deduction for Melissa?

Answer:

It appears that the child care expenses of $200/week both enable Melissa to work and to go to school. It appears that the hours of child care – 7:00 AM to 4:30 PM (9.5 hours/day), 5 days/week – are reasonably related to the time that Melissa works and goes to school – 7:30 AM to 4:00 PM (8.5 hours/day), five days/week – with an additional 1.5 hour each day for commuting.

Reasonable child care expenses to enable education have no upper limit. However, reasonable child care expenses for the purpose of work must not exceed the amount earned by the family member. So, we must separate the child care expenses for time at work and time at school.

If we assume that the commuting time should be split evenly between work and school, we see that the total time spent in work and the total time spent in school is also evenly split, 4.75 hours/day of child care for the purpose of work, and 4.75 hours/day for the purpose of school.

So, the annual amounts of the child care expenses attributable to education and the amounts attributable to work are:
- ($200/week ÷ 2) x 52 weeks = $5,200 annual expenses for each

Because child care expenses to enable education have no upper limit, the full amount of expenses attributable to school will count as part of the annual child care deduction:

However, because child care expenses for the purpose of work must not exceed the amount earned by the family member, we must compute the family member's earned income:

$4.55/hour x 4 hours/day x 5 days/week x 52 weeks/year = $4,732 annual earned income

Because the earned income is less than the amount of child care expenses attributable to work, we must cap that portion of the child care expenses by the amount actually earned - $4,732.

So, the annual amount of the child care deduction for Melissa is:
- $5,200 + $4,732 = **$9,932**

    b. How would your answer be different (if at all) if Melissa were not the head, spouse or co-head of the family?

Answer:

If Melissa were not head of household, spouse or co-head, the amount of her child care deduction attributable to work would be $480. This is because the child care attributable to the work of a full-time student (except for head, spouse or co-head) is limited to not more than $480, since the employment income of full-time students in excess of $480 is not counted in the annual income calculation. So, Melissa's annual child care deduction would be:
- $5,200 + $480 = **$5,680**

Reference: 4350.3 REV-1, Ch. 5, Par. 5-10B

4. Verifications:

    a. What are HUD's three acceptable methods of verification, and in what order?

Answer:	First:	Third-party verification (written or oral)
	Second	Review of documents provided by the family
	Third	Family self-certification

    b. When third-party verification is not available, what must the owner include in the tenant file?

Answer:
A note explaining why third-party verification was not possible
A copy of the dated original request sent to the third party
Written notes or documentation of follow-up efforts
A written note to the file that the request has been outstanding for four or more weeks, with a response from the third party.
Reference: 4350.3 REV-1, Ch. 5, Par. 5-13 and 5-19

Module 2

1. Mixed families
   a. Define a "mixed" family.

> **Answer:**
>
> "Mixed families" include members that are citizens and/or eligible immigrants, plus members that are non-citizens without eligible immigration status.

   b. Calculate Prorated Assistance and the New TTP for the following family.
   - 4 eligible family members
   - 6 total family members
   - $750 full assistance
   - $220 current TTP

> **Answer:**
>
> **Prorated Assistance:** $750 x 4/6 = **$500**
>
> **New TTP:** ($750 - $500) + $220 = **$470**
>
> **Reference: 4350.3 REV-1, Ch. 3, Par. 3-11N. and Par. 3-11P.**

2. Kathie (head of household) has just been notified by the local TANF agency that her monthly TANF benefit is being reduced due to adjusting for a prior overpayment of TANF benefits. Her usual TANF payment of $750/month will be reduced to $550, effective next month. This reduction is expected to last as long as 12 months. Kathie reports this to you and asks if there is anything that can be done to reduce her rent?
   - What is your response?

> **Answer:**
>
> An interim reexamination is required to reduce Kathie's income to the amount she will actually receive. Where an agency is reducing a family's benefit to adjust for a prior overpayment, you must count the amount that is actually provided to the family, after the adjustment. Because Kathie's income will be going down, an interim will be necessary to reduce her income and her rent. As usual, third party verification will be necessary for any income source.
>
> **Reference: 4350.3 REV-1, Ch. 5, Par. 5-6H**

3. The Cole family is currently paying the minimum rent of $25. However, they have just requested an exception to the minimum rent requirement, due to hardship. Their current calculation of TTP is as follows:
   - $5   30% of adjusted income
   - $15   10% of monthly gross income
   - $0   Welfare Rent
   - $25   Minimum Rent

- If the owner approves the exception what will the family's new TTP be?

    a. $5
    b. $15**
    c. $0
    d. $25

> **Explanation:**
>
> When the owner waives the $25 minimum rent charge, the TTP is then calculated at the highest of 30% of adjusted monthly income or 10% of gross monthly income (or welfare rent, if applicable). The TTP will not drop to $0 unless those calculations all result in $0. Nor will the TTP remain at the minimum rent amount.
>
> **Reference: 4350.3 REV-1, Ch. 5, Par. 5-26D**

4. Following are amounts the Fox family will receive over the coming year. Based on this list alone, how much annual income will you count for the Fox family over the coming year?
   - Family reports that grandparents, not living in the unit, give the kids Christmas presents every year. The value of the gifts varies from year to year. Last year, the total was around $100.
   - Family receives $300/month in food stamps.
   - Family reports that they receive about $100 worth of groceries each month from the local food bank.
   - Family reports that grandparents, not living in the unit, give the family $75 every month to help out with "living expenses" – food, clothing, personal items, etc.
   - Local welfare agency is helping the family pay off a medical bill, providing $50/month in assistance directly to the family.
   - Family reports that grandparents, not living in the unit, pay child care expenses for Susan, age 7. Expenses of $75/week paid directly to the child care provider.
   - Family receives unemployment benefits of $400/month.
   - Son, age 18, works part-time at the local Quik-E Mart while attending community college full-time. Son earns $5.50 per hour while working 30 hours per week.
   - Family receives TANF at $750/month.

| **Answer:** | ($75 x 12) + ($400 x 12) + $480 + ($750 x 12) = |
| | $900 + $4,800 + $480 + $9,000 = **$15,180** |

Explanation:

Regular contributions and gifts coming in to the family should be counted as income. However, temporary, nonrecurring and sporadic income (including gifts) is not counted. One could argue that gifts for holidays and birthdays, of uncertain and variable value, do not qualify as "regular" or "recurring", even when some form of gift is given each year.

Regular contributions to the family of $75/month in cash for "living expenses" do count as regular contributions and gifts (even if the giver's intent is that some of the money be spent on items of excludable value – e.g., food).

The value of food stamps are not considered income; neither is the value of food (groceries) provided by persons outside the household.

Amounts received from a welfare agency to pay the medical expenses of any family member are not counted as income. Contributions to a family member's child care provider, by a person(s) not living in the unit, are excluded from the family's income. (Of course, in both cases, where these expenses are reimbursed, they are not eligible to be counted as a deduction from income for the family.)

Any earned income over $480 for a full-time student, over age 18, is excluded from annual income. The first $480 is included.

Both welfare assistance (i.e., Temporary Assistance for Needy Families – TANF) and payments in lieu of earnings (i.e., unemployment compensation) are counted as income.

Reference: 4350.3 REV-1, Ch. 5, Par. 5-6, Exhibit 5-1

Module 3

1. Give a definition of "fraud" and list at least three topics that should be included in a fraud policy.

Answer:

Fraud is defined as:
   • The intentional, false representations or concealment of a material fact for the purpose of inducing another to act on it to his or her injury.
 	
Suggested fraud policy topics:
   • Management is responsible for preventing, detecting and reporting fraud. Each member of the management team must be familiar with the types of signals suggesting possible fraud within his or her scope of responsibilities.
   • Policy should state who is responsible to investigate suspected fraud.
   • Policy should state what constitutes fraudulent activities and that the policy extends to management and employees.
   • Policy should state that where fraud or related criminal activity is suspected, it should be reported to the HUD OIG Hotline or the Special Agent-in-Charge of the Region that has jurisdiction.
   • Policy should state that the person in charge of the agency's internal investigation has the authority to take control and examine records.

Reference: RHIIP Appendix 4 – "A Guide to Interviewing for Owners of HUD-Subsidized Multifamily Housing Programs", Part IX; 4350.3 REV-1, Ch. 8, Par. 8-17

2. Primary and Secondary Questions
    a. Describe the distinction between Primary questions and Secondary questions.

Answer:
Primary questions are direct questions, requiring an affirmative declaration or denial (a "Yes" or a "No.").
Secondary questions are follow-up questions to the primary question, expanding upon and clarifying the response to the primary question.

b. Classify the following questions as either "primary" or "secondary."

"How much money do you owe to your prior landlord?"	**Secondary**
Comment: Probably a follow-up to the primary question, "Do you or any family member owe money to a landlord for damages or non-payment of rent?"	
"Do you or any family member own or have interest in any property/real estate?"	**Primary**
Comment: May be answered "yes" or "no"	
"Do you or any family member work for someone who pays in cash?"	**Primary**
Comment: May be answered "yes" or "no"	
"What is the account number for your savings account at Evergreen Bank?"	**Secondary**
Comment: Probably a follow-up to the primary question, "Do you or any family member have a savings account?"	
Reference: RHIIP Appendix 4 – "A Guide to Interviewing for Owners of HUD-Subsidized Multifamily Housing Programs", Part VII	

3. Indicate which of the following activities are part of the transition to the interview phase.

Yes/No	
No **	Review the income documentation provided by the family and explain why the documentation is or is not acceptable.
No **	Explain how you calculated the rent the tenant will pay.
**Yes	Request an acceptable form of legal identification
**Yes	Explain the types of information that applicants are required to provide as part of the application process
No **	Request that the family explain to you their prior rental history
**Yes	Explain the verification process
**Yes	Explain the importance of complete and accurate information and the consequences of false or incomplete information

Explanation:

The transition to the interview phase is defined as the period between the time the meeting begins until the interviewer begins the body of the interview.

The purpose of this phase is to provide information to the applicant, not to ask questions about the applicant's circumstances (e.g. income, assets, family members)

Reference: RHIIP Appendix 4 – "A Guide to Interviewing for Owners of HUD-Subsidized Multifamily Housing Programs", Part IV

4. Give at least four common mistakes that interviewers make during the actual interview process.

Answer: Any four of the following:

- Not allowing enough time to interview properly

- Failing to establish rapport and ground rules before starting the "paperwork" and asking personal questions

- Communicating distrust; making snap judgments about people based upon superficial observations

- Failing to listen to what may be behind a response

- Failing to control the interview process (not control the person)

- Focusing on the paperwork and not the person, lack of eye contact

- Giving personal opinions about the family's circumstances

- Trying to be tricky; there is no need to try to trap or trick a person into a false statement. If the interviewer is asking the right questions in a professional way, conflicting statements will be apparent.

- Communicating disapproval of a persons situation or lifestyle

- Failure to make appropriate file notations about information that may be material to the application

Reference: RHIIP Appendix 4 – "A Guide to Interviewing for Owners of HUD-Subsidized Multifamily Housing Programs", Part IV

Module 4

1. Linda has a non-interest-bearing checking account with an average 6-month balance of $1,100.

   Linda has a mutual fund in the amount of $3,000. The fund paid no dividends last year and is not expected to pay any dividends this year. There is no fee for liquidating the value of the mutual fund.

   She also has a certificate of deposit (CD) worth $5,500. The CD is currently paying annual interest at 3.0%. The penalty for early withdrawal of the money from the CD is the equivalent of 6 months of interest.

   Calculate the following:

   a. Cash Value of Total Assets:

Answer:

Cash Value of Checking Account:$1,100
   • No costs incurred for withdrawing balance from checking account

Cash Value of Mutual Fund:$3,000
   • No costs incurred for liquidating balance of mutual fund

Cash Value of CD:$5,417
   • $5,500 x .03 = $165 annual interest income
   • ($165 ÷ 12 months) x 6 months = $83 (rounded) penalty for early withdrawal
   • $5,500 - $83 = $5,417

Cash Value of Total Assets:$9,517
   • $1,100 + $3,000 + 5,417 = $9,517

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   b. Asset Income for the coming year.

Answer:

Actual Asset Income for coming year:$165
   • $5,500 x .03 = $165 annual interest income for CD
   • No interest income for checking account. No dividend income for mutual fund.

Imputed Asset Income for coming year:$190 (rounded)
   • $9,517 x .02 = $190

Asset Income for coming year:$190
   • Greater of actual or imputed income.

Reference: 4350.3 REV-1, Ch. 5, Par. 5-7

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2. From the following list, indicate which expenses items may and may not be included in the medical expense deduction:

Yes/No	
**Yes	Fees paid to a dentist for braces
No**	Over-the-counter multi-vitamins
**Yes	Expenses paid to a Health Maintenance Organization (HMO)
No**	Premiums paid on a long-term care insurance policy that pays annual dividends directly to the policy-holder
**Yes	Food and veterinary care for an assistance animal
**Yes	Payments on an outstanding medical bill incurred two years ago
No**	Medical care of a permanently institutionalized family member, where the family member's income is no longer counted in the family's annual income.
**Yes	A one-time medical expense that was paid in-full in the past year, but not reported by the family and no interim recertification conducted.
No**	Hair transplants not related to a congenital abnormality, personal injury related to accident or trauma, or disfiguring disease.
Reference: 4350.3 REV-1, Ch. 5, Par. 5-10D, Exhibit 5-3	

3. Joe and Mary have a combined annual income of $25,000. Mary is a disabled person. However, with the leasing of special computer equipment and high-speed internet connection ($1,000 annual cost), and the assistance of a care attendant ($7,000/year), she is able to do some work at home. Her total annual income is $6,000. Joe and Mary also incur $4,500/year in unreimbursed medical expenses.

   a. Calculate Joe and Mary's total Medical/Disability Assistance Expense deduction for the year, counting the equipment and care attendant as disability assistance expenses.

Answer:

Total Disability Assistance Expenses:
   • $1,000 + $7,000 = $8,000

3% of Annual Income = $750

Deduct 3% of annual income from disability assistance expenses:
   • $8,000 – $750 = $7,250

Mary is the individual enabled to work by the disability assistance expenses. Mary's income is $6,000, so allowable expenses are "capped" at $6,000.

Because Mary is the spouse, the family qualifies as a Disabled Family. As such, the family is eligible for a medical expenses deduction.

Add the total allowable disability assistance expenses ("capped" amount $6,000) to the medical expenses of $4,500 to arrive at the total deduction for Medical/Disability Assistance Expenses:
   • $6,000 + $4,500 = **$10,500**

---

b. Calculate Joe and Mary's total Medical/Disability Assistance Expense deduction for the year, counting the care attendant as medical expenses.

Answer:

Note that some of the disability assistance expenses could also qualify as medical expenses. It is unlikely that the auxiliary apparatus (computer and internet connection, in this case) would qualify as medical expenses. But the attendant care expenses could qualify.

Medical expenses are not capped by the amount of earned income for a family member. How might our answer be different if we count the attendant care expenses as medical expenses?

Total Disability Assistance Expenses:
  • $1,000 (auxiliary apparatus only)

3% of Annual Income = $750

Deduct 3% of annual income from disability assistance expenses:
  • $1,000 – $750 = $250

Mary is the individual enabled to work by the disability assistance expenses. Mary's income is $6,000, but allowable expenses do not exceed $6,000, so no "cap".

Total Medical Expenses:
  • $7,000 (attendant care) + $4,500 (other medical) = $11,500

Add the total disability assistance expenses of $250 to the medical expenses of $11,500 to arrive at the total deduction for Medical/Disability Assistance Expenses:
  • $250 + $11,500 = **$11,750**

Reference: 4350.3 REV-1, Par. 5-10C and 5-10D

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4. Andrea purchased an annuity 10 years ago for $10,000. The annuity has appreciated over time to $14,250. Andrea could elect to "cash out" the annuity, but would have to pay administrative fees and penalties totaling $750. Andrea also has a permanent life insurance policy with a face value of $95,000. The current surrender value of the policy is $37,000. Andrea has borrowed $10,000 against this policy, using the surrender value as security. She still owes $7,500 on this loan. Andrea also has a savings account with a current balance of $1,240, and an average 6-month balance of $1,350.

   - What is the cash value of Andrea's assets?

Answer:

Annuity:

   Cash Value = Market Value minus Costs to convert asset to cash

   Market value of the asset = $14,250

   Costs to convert annuity to cash = $750

   Cash Value of annuity = $14,250 – $750 = $13,500

Life Insurance:

   Cash Value = Surrender Value minus Outstanding Loan Balance

   Surrender value of the policy = $37,000

   Outstanding Loan Balance = $7,500

   Cash Value of life insurance policy = $37,000 – $7,500 = $29,500

Savings Account:

   Cash Value = Current balance in the account

   Cash Value of savings account = $1,240

Total Cash Value of All Assets:

   $13,500 + $29,500 + $1,240 = **$44,240**

Reference: 4350.3 REV-1, Par. 5-7G.2.

Module 5

1. Which of the following are true regarding Earned Income Tax Credit (EITC)?

Yes/No	
No **	EITC received as a periodic payment must be subtracted from gross income in order to determine net income.
No **	EITC is counted as income, but is excluded as income for certain qualified individuals.
No **	EITC received as a periodic payment is counted as income. However, if the EITC were received as a lump-sum, it would not be counted.
**Yes	EITC is excluded from income under all circumstances.
No **	EITC is a deduction from Annual Income when determining Adjusted Income.
Comment:	

Comment:

EITC is an exclusion from income, not a deduction. EITC is always excluded from income, regardless of the form in which it is received (periodic payment or lump-sum). The gross income reported by the employer should not include the EITC, but the owner needs to examine verification closely and thoroughly to make sure this is true for a particular employer's verification.

Reference: 4350.3 REV-1, Exhibit 5-1

2. LaVerne (assisted tenant) and her two brothers (not assisted family members) have equal ownership in the house their mother left to them. Her mother owned it outright, so there is no mortgage. The home has a market value of $40,000, but needs a lot of work before it could be rented out. The siblings don't have the money to fix it up, so for the moment it is standing vacant.

    LaVerne and her brothers must pay taxes of $750 annually. They also pay $600 annually to a maintenance company to mow the grass and shovel the walks in winter.

    If they were to sell the house, the broker fees would be around $2,400, and settlement costs around $3,000.

    - What is the Cash Value of the house? If this were LaVerne's only asset, what asset income would you count for her for the coming recertification year?

Answer:

Market Value of House:	$40,000
Minus Broker Fees	$2,400
Minus Settlement Costs	$3,000
Equals **Cash Value**	$34,600

> **Note** that, although the family pays taxes and has maintenance costs, those costs do not affect the cash value of the asset.
>
> Because LaVerne shares the property equally with her two brothers, we must prorate the total cash value of the house to determine her share of the asset.
>
> LaVerne's Share = $34,600 (Cash Value) ÷ 3 (one-third ownership) = $11,533
>
> As an asset, the house does not earn any actual asset income. LaVerne has no other assets. So, the total value of LaVerne's assets is $11,533. Because this amount is over $5,000, we must use the greater of actual asset income or imputed asset income when calculating asset income for LaVerne for the recertification year.
>
> Imputed Income = $11,533 (LaVerne's Share) x .02 (HUD passbook rate) = **$231**
>
> **Reference: 4350.3 REV-1, Par. 5-7D.**

3. Jeff operates a small lawn care business. During the spring, summer and fall, he mows and trims lawns and rakes leaves. During the winter, he shovels snow. Jeff employs his friend Mike to help him. Jeff put in about $700 of his own money to get the business going a couple of years ago.

    Based on Jeff's records, the gross income from the business last year was $25,000, with business expenses of around $6,500. Jeff expects those numbers to be the same this year. Jeff pays Mike an hourly wage of $5.25/hour, and Mike works an average of 40 hours a week throughout the year.

    Over the past 2 years, Jeff has taken no profits from the business. However, in the coming year, Jeff intends to take out $7,000 in profits as the year goes along.

    -   What is the net anticipated income for this business for the coming year? Assuming no other income for Jeff, what is Jeff's annual income?

> **Answer:**
>
> | | | |
> |---|---:|---|
> | Gross Business Income: | $25,000 | |
> | Minus Mike's wages ($5.25 x 40 x 52) | ($10,920) | |
> | Minus Jeff's profit-taking | ($7,000) | |
> | Minus Other Business Expenses | ($6,500) | |
> | Equals Net Business Income: | **$580** | |
> | Jeff's Profits | $7,000 | |
> | Minus Jeff's Investment | ($700) | – one-time |
> | Plus Net Business Income | $580 | |
> | Equals Jeff's Annual Income | **$6,880** | |
>
> **Reference: 4350.3 REV-1, Par. 5-6G., Exhibit 5-1**

4. Under what circumstances is a trust counted as an asset? Under what circumstances is a trust not counted as an asset?

Answer:

If a trust is revocable, it is considered an asset of the family member who is the creator of the trust. In a revocable trust, the creator still has access to the trust funds.

If a family member establishes a nonrevocable trust, the trust is considered an asset disposed of for less than fair market value for two years from the date of establishing the trust, because the creator can no longer access a nonrevocable trust.

Once the two-year period has passed on the nonrevocable trust, the trust would no longer be considered as an asset disposed for less than fair market value, and would not be counted.

Reference: 4350.3 REV-1, Par. 5-7G.1.